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The Nation's Business

King Admits Defeat in Cabinet Re-making

It is a highly undramatic "war cabinet" that the Prime Minister has produced. Mr. King admits that he has been defeated in his efforts to induce outstanding executives to join his Government. But he should not be surprised if men of independent judgment declined to accept the terms he laid down in June: personal loyalty to himself; loyalty to the party; and both these things ahead of loyalty to the country or the war effort.

In Premier Angus L. Macdonald of Nova Scotia Mr. King acquires a minister with considerable experience and an excellent record in public administration. He is modest, scholarly, almost an ascetic, and a man in whom there probably lurk greater talents than he has yet had an opportunity to display. It would seem though that he has been selected for the post for which he is not best suited.

The other two new entrants into the Cabinet, Col. Colin W. Gibson and Col. W. P. Mulock, are both untried in the field of public administration. Each one has a remarkably fine family tradition of public service to live up to; each one is taking a job with huge responsibilities attached to it.

Whatever is to be said for these three appointments it must be admitted that in the aggregate they do not represent the cabinet overhauling that the country had expected and had been promised.

These are not normal circumstances. This is the gravest hour of emergency in all Canada's history. It is an hour when no administrative genius could be too great to be commandeered for national service. It is an hour when Canada needs, as it never needed before, a powerful war cabinet.

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In such a cabinet there could be no place for party hacks, for weaklings, for men with records of failure like that of Hon. Ian Mackenzie, for example; or for political sheepdogs like Hon. P. J. Cardin. In such a cabinet aggressive men like Hon. C. D. Howe would be given one job to do and not three. In such a cabinet Hon. Angus Macdonald would not be miscast for a defense rôle while an experienced soldier like Hon. Colin Gibson was given a routine tax-collection job.

We cannot believe that the country as a whole is going to be satisfied that it has yet been offered a leadership worthy of the crushing sacrifices it has been asked to make and is making.

Mr. King presented his new cabinet to Parliament in a speech that was a wan apology for its shortcomings. He offered to let opposition leaders sit in war cabinet council but again he made the suggestion apologetically, admitting there was something unsound about responsibility without power.

* * *

The cabinet reorganization does not meet the clear needs of today's emergency. A more drastic strengthening must come. When it will come "God only knows," to use the expression Mr. King himself used when asked in the House when there would be an order-in-council to invoke the mobilization of manpower.

Mr. King may not consider his new cabinet a makeshift one. But it is that and no more. If it lasts many months, then we have underestimated the patience of the Canadian public. A sweeping majority did not save Mr. Chamberlain and a sweeping majority will count for no more in Canada.

* * *

Since the war began The Financial Post has published each week on its editorial masthead the following plank in its editorial platform for winning the war:

> "The Post believes the situation demands:
>
> "Strengthening cabinet leadership by drawing upon Canada's best executive brainpower, irrespective of political considerations."

We should have been very happy to have had occasion to take that plank out of our platform on the ground that the need of the hour had been met. It will have to remain there, just as it remains first in the minds of the Canadian public, for a while longer.

* * *

War Bills Paid By Sacrifice

There is something very seductive about the financial principles enunciated in the House of Commons the other day by Hon. H. A. Bruce, M.P. In brief, he proposed:

1. Spend quickly and generously to build up our defense machine.
2. Borrow the money from "our resources of stored funds."
3. Then, when the effect of war expenditures begins to be felt, pay off the debts over a term of years.

Col. Bruce thought that rather than imposing $278 millions of new war taxes this year, Canada might better levy a fifth of that, which would carry the first year's charges

(Continued on page 2, col. 2)

End of Unemployment Seen As Nation Musters Manpower

Shortage Looms in War Industries — Compulsory Service Problems

From Our Own Correspondent

OTTAWA.—In view of plans under consideration for mobilizing manpower in military and essential industrial occupations, the day is not far away for Canada when young women will take jobs in field and factory and office to supplement diminishing reserves of manpower for civilian positions.

There is still unemployment in Canada, but shortages of skilled workers have begun to appear in essential military and civilian categories.

Labor Shortage

Added to this, plans for general training in elementary military duties of all able-bodied male Canadians up to the age of 45 years will steadily cut into the margins of employable reserve in many industries. Care will be taken that essential war industries do not suffer, and men will not be drawn from that field for military training. But in virtually all other branches of business and industry, employers will face the prospect in the near future of difficulty in replacing workmen and finding new labor where larger staffs are required.

Canada's military forces have absorbed about 125,000 men so far, and this number is growing steadily. The Commonwealth air training plan, for instance, is taking selected young men at the rate of 1,000 per week. Under war stimulus, industry has absorbed approximately 100,000 wage-earners that were idle a year ago.

To Rehabilitate Labor

Details of plans to rehabilitate workers who have been on relief and to develop an extensive apprenticeship system through all important industries are expected to be announced shortly. There is no doubt that young women will find plenty of opportunity to take wartime jobs in the near future.

First call under the National Resources Mobilization Act, expected to be issued in August, will be designed to fill all available camp and training facilities. The intention will be, it is understood, to fill up the non-permanent militia establishments in all local military district in order to get them into camp for a training period. Camp facilities are at present in use by active service units, but the volunteer and draft militia will be sent to camp for a month before winter. After that, militia units organized under the mobilization act will be required to drill twice a week throughout the winter. Details of this scheme and the schedule of mobilization are in the hands of the department of national defense.

Compulsory Service

First classes to be called will include men from 20 to 27 years of age, it is understood. Compulsory service will be on the same basis as non-permanent militia.

Co-operation of employers will be required to release able-bodied young men for military training for the comparatively short period contemplated. Exemptions will be provided, it is understood, but details are not yet available.

One aspect of the plan is complete. Approximately 25,000 male university students will find military training a compulsory feature of college life next fall.

Transfer of Labor

Transfers of labor from non-war to war industries will be undertaken when this becomes necessary and plans for this readjustment of labor supply are in the hands of the new National Labor Supply Council.

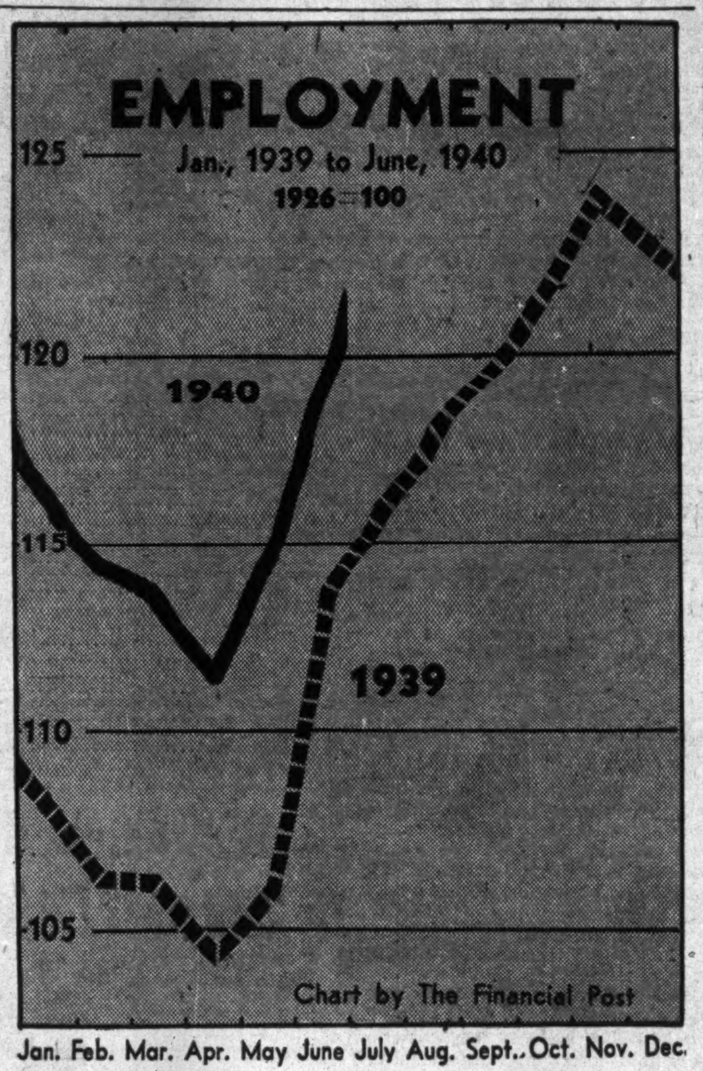
The broad policy of speeding up industry for war production will bring comprehensive changes in the industrial labor supply, some of which can be foreseen at this stage. Transfer of large numbers of young men and women from farming districts to urban factory and office jobs seems to be one certain result. The problem of agriculture does not involve big increases in production, but the problem of war industry does.

Coming In The Post

Hundreds of Canadian companies enjoy a profitable export business in normal times. But war has drastically altered the picture.

Shipping has been disrupted. Invaded countries have been lost as customers. New opportunities have opened up since the British blockade cut off German and Italian overseas exports.

This is one of the major wartime problems of Canadian businessmen to be discussed soon in The Post.



Expanding scope of new jobs created by war pressure on business and industry is reflected in the Dominion Bureau of Statistics employment index for Canada.

Prime Minister Widens Inner War Cabinet

Addition of Three New Members to Supreme Council of Canada's Effort Features Government Reorganization at Ottawa This Week

From Our Own Correspondent

OTTAWA.—Most important feature of the extensive Cabinet changes announced by Prime Minister Mackenzie King is the enlargement of the inner war committee, coupled with simplification of the duties of several members of it.

The War Cabinet has been enlarged from seven to ten members. Previous members were Prime Minister King and Messrs. Dandurand, Crerar, Lapointe, Ralston, Power, and Howe.

New members are Hon. J. L. Ilsley, Hon. J. G. Gardiner, and Hon. Angus Macdonald, who resigned as Premier of Nova Scotia to become Minister of National Defense for Naval Affairs.

Mr. King's invitation to opposition leaders to become associate members of this war committee obviously indicated the intention of creating what would amount to virtually a separate cabinet, removed entirely from party politics. This cabinet-within-the-Cabinet would devote its sole efforts to war problems, while nine other ministers carried on the ordinary work of civil administration.

Co-operation Coming

While Mr. King's cabinet reorganization drew words of biting scorn from Hon. R. B. Hanson, Conservative leader, a large measure of co-operation and consultation on Parliament Hill seems on the way.

Pending formal reply from Mr. Hanson to Mr. King's invitation, it was assumed that the Conservative leader would reject the idea of becoming an associate member of the war committee, along with his colleague, Hon. Grote Stirling. Mr. King's invitation to M. J. Coldwell, acting C.C.F. leader, and to John Blackmore, New Democracy leader, to serve as associates in planning war policy, was contingent upon acceptance by Mr. Hanson.

When Mr. Hanson's attitude was disclosed to the House, attention immediately focused upon Mr. King's alternative for a lesser measure of association from opposition leaders. This would involve regular consultation between opposition leaders and the war committee, to continue after the Parliamentary session ends.

New Ministers

Aside from the added strength to the war committee and the question of having opposition members sit in on war deliberations either as associate ministers or merely as consulting observers, Mr. King's Cabinet shuffle followed fairly obvious party lines. He added three ministers and left another appointment for a later date. The new ministers were:

Hon. Angus Macdonald, Premier of Nova Scotia, to be Minister of National Defense for Naval Affairs.

W. P. Mulock, member for York North, Postmaster-General.

C. W. G. Gibson, member for Hamilton West, Minister of National Revenue.

Appointment of Messrs. Mulock and Gibson restores the balance of Ontario representation in the Cabinet lost by the death of Hon. Nor-

(Continued on page 2, col. 2)

Sales Gain By Massey Reported

First Half Year Up 6% With No European Sales — French Plant Lost

Massey-Harris Co reports sales in the six months ended May 31, 1940, to have been approximately 6% higher than in the corresponding period a year earlier.

Due to war conditions and the loss of the company's plant at Lille, France, to German control, sales in Continental Europe do not form part of this year's sales. In the corresponding period a year ago, all sales in the Continent of Europe were included.

This year's showing is thus even better than a first glance at the figures indicates. In spite of the loss of European markets, a gain has been reported.

Canada, U. S. Up

It is understood that practically all major markets contributed to the better showing. Canada, the United States, Great Britain, South Africa and New Zealand all showed good gains. On the other hand, Argentina is still suffering from difficulty in disposing of its crops and sales in that country have been less satisfactory. Exports to non-Empire markets have become increasingly difficult since the outbreak of the war last September.

Passing of the Lille plant under enemy control marks the second instance of loss to Massey-Harris Co. arising out of the war. The company had a plant at Westhoven, Germany, covering 14 acres. The investment in the German plant was written down to $1 in the last annual report, involving a charge of $682,586.

The plant in France was somewhat larger than that in Germany and covered 25 acres. Unless a change takes place in the position of that part of France, it is quite possible that a further write-off will be shown in the next annual report to treat this investment in a manner similar to that used for the investment in Germany.

Sales Drop Last Year

For the first half of the year ended Nov. 30, 1939, Massey-Harris Co. reported a decline in sales of 8½% from the preceding period. At that time England, Europe, South Africa and New Zealand all showed sales gains while Canada, United States, Australia and Argentina showed declines. For the whole year ended Nov. 30, 1939, sales were 9.6% lower.

Crop outlook in Canada and the United States at present indicates a continuing excellent demand for farm machinery, making it appear reasonable that the company can show gains for the full year. In the year ended Nov. 30, 1939, the company reported net profits equivalent to $5.83 a share on its 5% preference stock compared with $8.81 a share for the preceding year.

Try to Save Vital Trade Of Tourists

Radio, Direct Mail and Individual Efforts Now Seek to Restore Dwindling Volume

Last minute efforts are being made in Canada to rescue as much as possible of our vital tourist traffic.

As illustrated by returns on incoming traffic at border points, influx of U. S. tourists, particularly since July 1, has been sharply lower than a year ago. This is of particular importance as it is the summer months of July and August that have always brought by far the greatest tourist trade to Canada.

Canada has been depending on this source of U. S. funds to help pay for essential purchases in that country.

Fear of wartime regulations in Canada and the U. S. passport restrictions seem to have ruined Canada's chances of getting even a normal flow of tourists, quite apart from the increase hoped for a few months ago.

Specific measures are being taken to salvage what can be obtained. One move is a plan for a series of radio programmes over major U. S. networks and scheduled to begin July 15. These programmes will urge Americans to come to Canada for the fall and winter months.

Pamphlets Distributed

The Bank of Canada, in co-operation with the Foreign Exchange Control Board has prepared a small pamphlet to accompany each payment of dividends or interest to U. S. holders of Canadian securities. This has just been completed and was done independently of the Canadian Travel Bureau.

Other efforts, some purely volunteer, are being made. An example is the Voluntary Tourist Committee organized within the past month in Toronto. This committee is the outcome of the efforts of a group of young Toronto men who sought some way in which they could contribute to Canada's war effort.

The committee has prepared printed folders which can be enclosed

(Continued on page 2, col. 1)

Directory of War Compiled By Post

With Canada's war effort now more important than ever before and our participation on a wider scale, broader interest attaches to the personnel of our war organization.

This week and following weeks, The Post will list members of the various war bodies and the duties assigned to them. On page 4 of this issue will be found the first article of The Post "Directors of War" series. It covers the inner war cabinet and auxiliary groups and gives effect to the changes that have taken place in the past week.

The Enclosed Cheque

represents your share of the earnings of your investment in a company carrying on business in Canada, a country doing everything possible to make effective her part in a terrific war against an enemy that threatens the democratic institutions and ideals for which Canadians live and are fighting. Since you have a stake in Canada, perhaps you would consider making a worthwhile contribution to the Canadian economy and war effort by spending some of your Canadian income in Canada on a vacation.

Vital war requirements must be purchased in the United States and for these, in addition to normal trade requirements, Canada must pay cash in United States dollars—millions each month.

You are entitled—by virtue of a ruling of the Canadian Foreign Exchange Control Board—to receive United States dollars for this dividend at official rates of exchange. If you accept this suggestion of vacationing in Canada, you need not convert the enclosed cheque into U. S. dollars. Either hold it for your vacation expenses in Canada or send it to a Canadian bank for deposit until you arrive to make use of it.

YOU WILL ENJOY A

Vacation in Canada

Information and interesting literature may be had by writing to:

CANADIAN TRAVEL BUREAU
OTTAWA, CANADA

An invitation to vacation in Canada, the work of the Foreign Exchange Control Board, now goes with each dividend cheque for United States investors in Canadian stocks.

Highlights
OF THIS ISSUE

A food surplus may be hard to visualize in wartime, yet farm prices threaten a general decline. Why this unusual situation has arisen and signs of improvement on the horizon are surveyed by a staff writer in.

More Than We Can Eat—p. 9.

* * *

Gold's future is engaging attention in practically every country of the world today. Hitler professes to disdain it but seeks it eagerly. The new position of gold and the present trend are discussed in

Can Hitler Ruin Gold?—p. 9.

* * *

A new wheat crop will be coming on the market in less than three weeks and varied solutions are being offered for the problems it presents. From Winnipeg comes a forecast of what will likely happen.

What Shall We Do?—p. 13.

* * *

How food companies will feel the effect of the excess profits tax is shown in a company-by-company analysis.

New Tax Hits—p. 9.

* * *

Kerr Addison Gold Mines is gearing for further expansion with production touching new highs. A staff writer this week presents some interesting and hitherto unpublished information on this company.

Kerr Addison—p. 15.

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General Index on p. 2.

Tax Weight On Income Questioned

Suggestions for Larger Borrowings to Meet War Costs Are Now Being Pondered

Canadians are beginning to ponder over the implications involved in the Dominion Government's policy of financing this war, to the extent possible, on a pay-as-you-go basis. To carry out this policy, the recent budget was designed by Hon. J. L. Ralston.

Key points of the policy were the sharply increased personal income taxes and the Excess Profits Tax of 75%.

Now doubts appear to be bothering some Canadians as to whether or not this policy is the most effective and desirable. Early reaction to the budget seemed to be that it was an acceptable effort under the circumstances.

These questionings reached the stage of plain suggestions recently when Dr. H. A. Bruce, Toronto M.P., suggested in the House of Commons that a better method would be to borrow the $1,000 millions necessary to finance the cost of war this year and raise taxes only enough to amortize this loan and meet interest charges on it. Dr. Bruce suggests that additional taxation of $50 millions would meet these requirements.

This policy, of course, would be directly contrary to that adopted by the Dominion. The implications of the alternative policies are large and The Financial Post has found a disposition on the part of some prominent Canadians approached for comment to ask for further time to study the proposal.

Feel Taxes Too High

From two bank presidents, however, comes the definite opinion that this budget takes too much out of income. It will, they say, slow up the pace of business to the extent that estimated national income may not be realized. Thus, the whole setup would be thrown out of balance with tax revenues less than estimates, expenses probably at least up to present figures, and the necessity faced of raising larger than expected amounts by borrowing. The borrowing, moreover, would come on an economy already drained by taxation.

These men hold that we would be well advised to borrow a greater proportion of the fund required. One argument advanced is that it is exceedingly difficult to get a high tax rate, once established, down to reasonable levels. It would develop a condition which would encourage billion dollar budgets, even after the war necessity had been removed.

They feel that the incentive for

(Continued on page 2, col. 4)

Nfld. Budget Cuts Expense

Revenues at Record High — Income and Outgo Better Than Expected

Revenue of Newfoundland in the year ended June 30 reached an all-time record of more than $12.5 millions, Hon. J. H. Penson, Commissioner for Finance, announced in his budget address.

A number of increases in taxation were also announced for the present fiscal year ending June 30, 1941.

Expenditure for the year just ended reached $16.5 millions. Over-all deficit for the year totalled $4 millions, substantially less than the amount originally budgeted.

Both revenue and expenditure were substantially more favorable than estimated in the 1930-40 budget. This placed ordinary revenue at $11.4 millions, ordinary expenditure at $13.6 millions, reconstruction expenditure at $3.2 millions, and special expenditures at $301,111, totalling $17.1 millions. Over-all deficit, or the amount to be covered by grant-in-aid from the United Kingdom of $5.7 millions was estimated.

Revenue Jumps

Following the outbreak of war revenue became much more buoyant because of the stimulation given to industry by war activities and demand brought about by war conditions. Mr. Penson brought down a war budget which provided for increased taxation. Both these factors have had the effect of materially increasing revenue.

Finance Minister Penson stated in

(Continued on page 2, col. 6)

The War And Business . . *A Weekly Round-up*

Canadian Cabinet shuffling continued this week as the world entered a new era of its history. The British victory over the French Navy at Oran tolled the knell of the century-old alliance between France and Britain. It ended, at least temporarily, one of the world's most historic partnerships.

Just as the Battle of Trafalgar ended Napoleon's dreams of world domination, so, many observers believe, Oran marks the decisive turning point in the Hitler nightmare.

* * *

Cabinet Plan Spiked

The new Canadian Cabinet members, Mulock, Macdonald and Gibson, are not Prime Minister Mackenzie King's first choices. The Prime Minister had promised that he would bring into the Cabinet some "prominent Canadians" and had made overtures to J. M. Macdonnell (National Trust), G. W. Spinney (Bank of Montreal), J. W. McConnell (Montreal Star), for the post of Finance Minister.

The P. M.'s plans went askew when he started looking for seats for any of these gentlemen. The Liberal Whip asked the Conservatives if they would agree to acclamation elections. The Tory retort was that if the appointees were to be Liberals they would contest every by-election. When the people concerned heard this, they refused to enter a political campaign. Hence the P. M. fell back on his own benches.

The P. M. is said to have another plan to get "prominent Canadians" into public service. The scheme is understood to be that something like a National War Service Board will be set up which will be manned by some of the men King wants to bring in. They will be made Privy Councillors, hence will be able to take a direct part in Cabinet operations without having to stand for election.

* * *

"Indispensable"

Canada's General McNaughton will not be brought home to draft Canada's war programme unless there is a hitch in present plans.

He is slated to get the second or third highest post in the British Army. The pipe-smoking general made a great hit with the British when he was sent to review the Allied situation in Flanders. He rushed back to London, hurried into the War Office, muddy and unshaven, to urge the immediate evacuation of the entire B. E. F. The Dunkerque exploit is history.

General McNaughton has become one of Britain's "indispensables" and is to be elevated accordingly, Ottawa explains privately, but there are those who think Ottawa may have other reasons. In the meantime Major General H. D. G. Crerar has been brought back as vice-chief of the general staff and there are rumors he may be elevated ultimately to the full job.

* * *

War Buying Swells

The British Purchasing Commission, the Purvis buying board in New York, reports placing orders in the United States on behalf of Britain totalling $100 millions last week. This brings aggregate war purchases in the U. S. to July 6 up to $1,800 millions. Aircraft accounted for 60% of the total. Ordnance is the second largest category. . . . British war purchases in Canada are estimated at over $125 millions with very extensive business now under negotiation but not included in that amount. . . . Britain has supplied $50 millions to 35 Canadian companies for plant building and expansion aimed at an eventual annual munitions output of $250 millions.

* * *

Clarification of the buying setup: Canada does some war buying in the United States direct; some in co-operation with the Purvis board. In other words, Purvis is not Canada's purchasing agent in the United States. Where the Purvis information and facilities would be helpful in securing the required product, they are used. Where a clear-cut deal can be made with a known source of supply Canada's buying agency (Munitions and Supply Dept.) works direct. . . . The Anglo-French Purchasing Commission in New York folded up with the collapse of France. Automatically it was replaced by the British Purchasing Commission. . . . The group of British engineers, etc., still remaining in Canada, remnants of the British Supply Board headed by Colonel Greenly and last week disbanded, has no name. Ottawa suggests calling the group the British Mission. Their job is liaison work and inspection on jobs being done here for Britain. London now deals direct with Ottawa (Howe) and New York (Purvis).

* * *

Of the 17 Canadian M.P.'s who voted against the Ralston war budget nine were Social Crediters, eight C. C. F. . . .

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Cold Feet?

Watch for peace-blitz propaganda. Some soothsayers are confident Hitler is angling to catch the pendulum of world opinion when it wants Britain to "call the whole thing off." In the Nazi gospel, Mein Kampf, Der Fuehrer says there is no need to destroy Britain; that he doesn't want to; just France. But he has since told others otherwise.

* * *

The hand of Economist J. M. Keynes is seen in Britain's extraordinary plan to compel bank depositors to lend the Government a portion of their funds at 1⅛%. Keynes, who has just been adopted as one of the Government advisory squad, hasn't got far with his compulsory savings scheme. But the compulsory lending scheme offers some of the same advantages.

* * *

Washington Heartened

Two weeks ago naval and military authorities at Washington were saying privately that Britain could not long hold out against Hitler. Now their views are modified. Three factors have been at work to make Washington technicians more confident of British success: Success against Italian submarines in the Mediterranean; the evident superiority of the R. A. F. over German fliers; the daring round-up of most of the French fleet.

* * *

U. S. Defense

Voting billions for defense is no sign that U. S. will be rearmed overnight, U. S. News points out. The big figures of dollars and numbers of fighting units are still nothing but blueprints for preparedness two, three and four years hence. "U. S. is not in shape for war; is not getting set for any early war; is equipped for little else than continental defense unless the British Navy remains intact," the News declares.

Anything like mass production of airplanes still seems far away. Packard which looked anxious to take on the Rolls Royce engine job has, at least temporarily, backed down after a meeting of the directorate . . . T. P. Wright, vice-president Curtiss - Wright Corp., says the American industry cannot produce the 50,000 airplanes a year demanded by Roosevelt until five years hence . . . The best boast Lord Beaverbrook, Britain's minister of aircraft production, has made is that British output in June was twice what it was for the same month last year . . .

* * *

Tough Problem

Armorplate appears to be a much tougher production problem than the layman imagines. The Wall Street Journal points out that there is no armorplate industry in United States; that needs in recent years have been provided by Army and Navy arsenals rolling their own with the help of Bethlehem and Midvale steel companies; that special equipment and lots of time are essential.

Usual process for battleship gun turret armor is as follows: a 400,000 pound ingot, 20 feet long, 10 feet wide and three to four feet thick is poured into a mold; reheated, and compressed to about one third former dimensions. It is reheated and hardening begins. This takes 10 to 14 days "waiting time" that can hardly be cut. The hardened block is then reheated and reforged several times for shaping processes and hardening. The entire process takes four to six months.

Plate for tanks, fortunately, takes less time because it is usually rolled instead of forged and is not given such a lengthy hardening treatment.

* * *

No Food from U. S.

American commentators are already discussing the ticklish problem that may face their country this winter. Should the United States attempt to feed the famished populations of Europe, knowing that the famine is the result of Nazi aggression, knowing, too, that the British blockade of continental Europe is the principal weapon against Hitler?

Best opinion is that Americans will decide that for once the just and generous thing to do is to be hard-hearted temporarily in order to speed European freedom from Nazi bondage.

War Savings Certificates Sale Above Expectations

By STAFF WRITER

OTTAWA.—War savings certificate subscriptions have been pouring into the Bank of Canada at a rate far above original expectations. At present the certificates are being taken up at the rate of $250,000 daily. This is at the rate of $100 millions annually, or double what had been expected when the campaign started.

Even more encouraging is the fact there are 1,300,000 Canadians subscribing for certificates through their employers. The first payment came in July 10. These additional returns average under $50 per person a year, and will boost the over-all returns considerably over the $100 millions mark.

It is still too early to determine how the new Dominion taxes will affect subscriptions. It is anticipated there will be some falling off as savings are diverted to meet taxes. However, even allowing for a relatively sharp contraction—and there is no certainty that will happen—the subscriptions should still be far in excess of what was anticipated.

Lindsay Sales Increase 70%

From Our Own Correspondent

MONTREAL. — Sales of C. W. Lindsay & Co. in June were up 70% over the same month last year. In the first four months of the current fiscal year volume of sales increased by 34%.

No announcement has been made regarding the offer of A. L. Mailman to purchase bonds and stocks of the company, but it is understood that insufficient shares were deposited with the Montreal Trust Co. to change control of the company. In the event that the shares deposited are not taken up by the offering party they will be returned without any handling charge to the owner.

"DEPENDABLE AS THE SUN"

SOLAR WATCHES

THE SPORTSMAN'S WATCH

"THE SOLAR AQUA"

(Water Proof and Dust Proof)

For men who demand accuracy along with rugged durability . . . here's the watch! Made by the famous Rolex Watch Co. exclusively for EATON'S . . . 17 jewel non-magnetic Swiss movement, stainless steel case and bracelet, "shatterproof" crystal and luminous dial. EATON price, each $27.50

MAIN STORE—MAIN FLOOR

T. EATON Co. LIMITED
TORONTO CANADA

Seeking to Save Tourist Trade

(Continued from page 1)

with business correspondence. Two pamphlets are available, one for distribution to residents of the United States, encouraging them to come to Canada, and the other for distribution to Canadians, stressing the importance of American tourist traffic.

This group is attempting to have industrial and financial organizations in Canada, and particularly those who have close connections with the U. S., get these folders and enclose them with all mail.

Incorrect Stories Circulated

Much of the work of such organizations, is directed toward offsetting adverse publicity circulated in the United States and even in Canada. For example, the German Library Association, New York, has given publicity to fantastic rumors, such as that Americans going to Canada would have to pay outrageous prices for gasoline, would be taken into the army or might not be permitted to return to the United States.

To Canadians, it is obvious that such stories are without any foundation, but their wide circulation in the United States makes it necessary to give out the correct version.

Hamilton Cotton Earnings Good

Hamilton Cotton Co. is understood to have been experiencing better business this year in line with other textile firms. Earnings have been maintained at a stable level since 1934, and net profit of $100,145 last year was the highest in five years.

The company has a $58,000 maturity Aug. 1 on the 3% first mortgage serial bonds, which will be met without any difficulty. This is the second installment, the first of $55,000 having been redeemed a year ago.

The issue, totalling $300,000, was made in 1938, and bonds outstanding will be reduced to $187,000 Aug. 1. Final payment of $65,000 falls due in 1943.

SCHOOLS AND COLLEGES

St. Andrew's College

FOUNDED 1899

An exceptional boarding school for boys

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Book of Views on request

K. G. B. KETCHUM, B.A., HEADMASTER

RIDLEY COLLEGE

ST. CATHARINES, ONTARIO

Canadian Residential School for Boys—Founded 1889

A large number of valuable Entrance Scholarships, Bursaries and Leonard Awards are available every year in both Upper and Lower Schools.

Courses leading to Pass and Honour Matriculation, and R.M.C. A special course for boys entering business life.

Small classes ensure individual attention.

LOWER SCHOOL for boys 8 to 14 UPPER SCHOOL for boys 14 to 18

Beautiful Memorial Chapel.

New gymnasium, swimming pool, squash courts, tennis courts, covered rink and spacious grounds offer unusual facilities for splendid physical development.

SCHOOL RE-OPENS TUESDAY, SEPTEMBER 10th.

A prospectus and full information sent on request.

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Michaelmas Term begins on September 11th

The Nation's Business

(Continued from page 1)

on a $1,000 millions of new borrowings.

The whole $278 millions would, he thought, finance for a year $5.6 billions of war expenditure.

In brief, Col. Bruce is not satisfied that we should borrow this year something between one half and two thirds of our war expenditure. He wants us to go into debt for almost the full amount and greatly to increase the war budget.

In suggesting that all war taxation can be kept at a lighter level, while an easy way to pay for the war was found, Col. Bruce came close to deluding himself and arousing false hopes in the people.

One might be able to get $5.6 billions of war expenditures for a down payment of $280 millions. But it would only be a down payment. The $280 millions a year would have to be paid in interest and sinking fund charges for around 40 years. In that time the total cost of the expenditure would be not 5% of $5.6 billions but 200% of $5.6 billions.

That is the simple arithmetic of debt.

Moreover, we would be paying the bills, not when war activity is at its height; not when industries are busy and workers are fully employed; but in the post-war years of adjustment and depression.

* * *

Has Dr. Bruce forgotten the past 10 years when the burden of what Sir Thomas White always calls D-E-B-T has rested with crushing force upon depression-ridden Canada?

Any war debts we assume now will most assuredly rest upon us with equal weight in the economically more desperate years that are certain to follow this war.

* * *

But even more unfortunate in Dr. Bruce's proposal is the implication that we can pay for the war without sacrifice; that it is not necessary for the public to do without things in order that they may be used for defense. There are not enough steel, copper, lead, zinc, wool, cotton, oil and other commodities in the country to enable us to spend at a $5.6 billions rate while at the same time maintaining ordinary civilian consumption. Someone has to do without. "Pay-as-you-go" taxation, up to practical limits, is one way of ensuring that it is civilian life and not the fighting forces that will do without.

The Social Crediters in Parliament have also been offering their own easy ways to pay for the war. They want it done by printing money. But borrowing or printing carried to excess, amount to the same thing—inflation. And inflation is bad liquor. The first effect may be pleasant, but it leaves a terribly bad headache on the morning after.

* * *

Evidence of Patronage Should Be Presented

Considerable discussion took place in the House of Commons on the exercise of patronage in connection with war contracts. Opposition members declared that this was a "Liberal war"; that supporters of the Government were favored in jobs and contracts. No one went so far in the debate as to suggest that there was a toll-gate operating to collect money for party funds.

Ministers denied the charges and asked for particulars. Mark Senn, Hamilton M.P., responded by showing that on the airport work at Dunnville the local president of the Liberal Association issues lists of men to be employed.

It would be a shameful thing if patronage and political favoritism still continued in connection with Canada's war effort.

M.P.'s and others with evidence on the matter should not hesitate to make it public or to cite specific cases as Mr. Senn has done.

* * *

U. S. Needs Paper; We Need Dollars

Maintenance and even increase of our newsprint trade with the United States are of vital importance to the Dominion. We market in the States well over a $100 millions worth of this paper. Anything calculated to disturb this business is a direct blow at the war effort. A decision has been handed down in the San Francisco courts which strikes at this trade. The decision is presumptuous and unneighborly.

Judge St. Sure there has ruled that Powell River Co., Powell River Sales Co. and Pacific Mills Ltd., three Canadian companies operating and doing business only in Canada, are subject to the jurisdiction of the United States Courts. These three companies, with a number of American concerns, are involved in a suit brought by the U.S. Attorney General's Department which alleges a combine to fix prices on the sale of newsprint paper in the United States.

The case is an offshoot of the official trust-busting activities of Robert Jackson and Thurman Arnold, members of the extreme left of the New Deal, at Washington. The present action against the Pacific Coast newsprint companies, including the three operating in Canada, has been proceeding for nearly a year. It is not suggested that the price at which newsprint was sold was an unreasonable price. Under U.S. law if a group of companies decided to give their product away they could be sued as a trust. The whole case rests upon an alleged combination to fix prices. In Canada there can be no action under combines legislation unless public interest has been injured. No such safeguard exists in U.S. laws. There the U.S. Department of Justice has no interest in the fact that there has been no price advance since the beginning of 1938, despite an increase in manufacturing costs.

However, Canada's primary interest is in challenging the arrogant claims of U.S. jurisdiction over Canadian companies.

* * *

The decision of the San Francisco Court hits at our newsprint trade with the United States, but it also affects the good relations of these two countries.

It is worthy of President Roosevelt's consideration whether the over-zealous crusading of his trust-busters is not an unfriendly act at this time. Not even American publishers are complaining that Canada is overcharging for newsprint at this time. The industry recently has been most enlightened and generous to its customers, thus atoning for the rather abrupt (although economically deserved) price increase announced in late 1937.

Our newsprint dollars are an urgently needed part of our war strength. Without them we could not purchase necessary materials in the United States.

President Roosevelt is probably not aware of what is happening in the San Francisco court. Ottawa should bestir itself (something which the newsprint industry itself has failed to do) to see that the President's attention is drawn to a situation which might lead to the sabotaging of Canada's newsprint trade. Ottawa should move promptly to seek the co-operation of President Roosevelt in protecting a vital Canadian trade and to protest an assumption by the U.S. of authority over Canadian companies.

War Cabinet Enlarged

(Continued from page 1)

man Rogers and the resignation of Hon. W. D. Euler.

The changes within the present membership of the Cabinet included:

Hon. J. L. Ilsley, Minister of Finance, resigning National Revenue.

Hon. J. L. Ralston, Minister of National Defense, resigning Finance.

Hon. C. D. Howe, full time to Munitions and Supply, resigning Transport.

Hon. P. J. A. Cardin, Minister of Transport, in addition to retaining Public Works.

Hon. J. G. Gardiner will become Minister of National War Services, relinquishing shortly the portfolio of Agriculture.

Naval Defense

The bill to create the new portfolio of National Defense for Naval Affairs was introduced by Mr. King shortly after he announced his Cabinet shuffle, and Premier Macdonald was expected to take over the new department immediately. His selection won warm praise from all parts of the House, and it was evident that the Nova Scotia Premier possessed a national reputation which will win confidence in his ability to handle the naval post.

Behind the new naval portfolio is the fact that Canada is becoming a naval power in the world. With a navy of 100 vessels already, compared with a pre-war total of 15, and a $50 millions building programme that will add 90 vessels within a short time, Canada has taken up the task of its own naval defense. The port of Halifax, as a naval base, Mr. King said, now ranks with British home ports in importance.

Help from Businessmen

Mr. King spent an hour and a half outlining the steady enlistment of business executives for the government service, as a preliminary to announcing Cabinet changes. Business leaders and industrial executives, his report indicated, have gladly entered the country's service, to take executive and administrative jobs.

But his efforts to secure several "outstanding persons" in the Cabinet failed, he said, because of disinclination to enter Parliament and undertake political activities. "It is a common experience," said Mr. King, "to find that a businessman is willing to make very great personal sacrifice in order to serve his country in an administrative capacity, but is exceedingly reluctant to enter the Cabinet because a ministerial post involves election to Parliament, public speaking and other activities for which he feels he has neither aptitude nor training."

Mr. King's enumeration of men who have entered government service for war duties from business since the outbreak of war included 158 names in executive or administrative posts, and 47 others who have accepted advisory rank.

National War Services

The new Department of National War Services, under Hon. J. G. Gardiner, will supervise the immense task of completing the national registration of the population to be undertaken under the War Resources Mobilization Act. Ground work of creating this department has already been far advanced. Two deputy ministers, it is understood, will be appointed, and they will be Mr. Justice T. C. Davis, former Attorney-General of Saskatchewan, who will be asked to take leave from the Court of King's Bench of Saskatchewan, and Major-General L. P. LaFleche, former Deputy Minister of National Defense and late Military Attache at the Canadian Embassy in Paris. General LaFleche is at present in England.

Other Varied Tasks

Besides the national registration, the new department will undertake the involved task of co-ordinating all voluntary war service organizations that have come into existence throughout Canada. The Voluntary Registration of Canadian Women will be placed under this department. All problems relating to refugees, evacuated children, interned aliens and interned enemy prisoners will be handled under the War Services Department.

In addition, the department will undertake co-ordination of all governmental information and publicity services connected with the war, making it virtually a ministry of information. It is understood that the activities of the department will also cover marketing of agricultural products, and such agencies as the Bacon Board and possibly the Wheat Board will be assigned to it. The War Services Department will occupy the new Supreme Court building.

Split in Transport

In transferring the Department of Transport from Mr. Howe to Mr. Cardin, a division of the activities of the department was made. All branches of the Department of Transport concerned with airways, civil aviation and radio broadcasting have been transferred to the Department of Munitions and Supply, and therefore remain under Mr. Howe.

The reduced Transport Department will be administered by Mr. Cardin, along with the Department of Public Works.

HOLDS SALES CLINIC

Addressograph-Multigraph of Canada Ltd. is holding sales clinics in Toronto for its representatives across Canada this week and next. Despite war conditions, the company decided to hold this refresher course for its men in preparation for the future.

Tax Weight on Income Questioned

(Continued from page 1)

persons, in the high income tax brackets at least, to continue in business has been removed. They claim to be willing to make all necessary sacrifices but question whether or not the method selected is the best possible method.

Another keen observer of financial affairs, generally agrees with the policy adopted by the Government, feeling that an economy geared to war necessities should involve raising as large as possible a proportion of the money needed as we go along.

This same man, prominent in business affairs, wonders also just how successful Canada would be in raising a billion dollars annually for perhaps three or four years, even if our economy was permitted to feel the full benefits of a war-quickened business pace.

The president of a third bank is doubtful of our ability to pay the higher taxes now being demanded without serious interference with both the standard of living of Canadians and a crippling of many forms of business. He does not question the willingness of Canadians to make the sacrifices required but is doubtful of their ability. He admits that his investigation of the situation has not yet permitted a definite conclusion.

Government Policy

The "borrow" plan would, of course, throw overboard the whole financial policy of the Government for which the groundwork was laid before the war and which has been adhered to rigorously. That policy has been outlined in detail in the budget speech of Hon. J. L. Ilsley last September, by the Governor of the Bank of Canada, Graham Ford Towers and again in the recent budget speech of Hon. J. L. Ralston.

Very briefly, here are the Government's reasons for present policy. It is based on the fact that Canada's financial policy of the last war—the borrowing scheme — proved disastrous and was seriously damaging to business in the years following the war; that repetition of those evils can and should be avoided. The Government now has means of control over the nation's economy such as the Bank of Canada, which it did not have in 1914 and these new controls make possible a planned, logical conduct of national business.

The Canadian policy is identical with that adopted in the United Kingdom, and is not, it has been pointed out, simply the theory of one school of economics.

Inflation the Danger

Abandonment of the present policy would result only in inflation with all the chaos that it involves, it is averred.

So far as reducing the Canadian standard of living by higher wartime taxation, the policy-makers believe that they have the widespread feeling of the Canadian people behind them, that the citizen must now share with the soldier some of the pains of war; that an increased standard of living because of extra war business is unjustified and that a decrease in that standard is not to be ruled out.

For the doubt expressed by Dr. Bruce as to the ability of the Canadian people to bear the higher taxation the Government policy-makers point to their knowledge of the national income and to the fact that in Britain and in Germany the amount of the national income which is being diverted to war purposes is much greater than that yet approached by Canada.

Back Move Of Industry

Exchange Head and M.P. Urge Migration of British Factories

Strong support for move to transplant to Canada some of Britain's munitions and war material industries has come from Gordon Bongard, president of The Toronto Stock Exchange, and from Dr. Herbert A. Bruce, speaking in the House of Commons.

The suggestion that immediate steps should be taken to get vital war industry beyond range of Hitler's bombs, by removal to Canada, was advanced some weeks ago in The Financial Post. Survey of opinion among businessmen and industrial engineers found wide support for the project.

Both Dr. Bruce and Mr. Bongard emphasized the peril in which British war industries now stand and the practicability of Canada's safety and facilities, being used to maintain munitions output.

Need Imperative

In the monthly bulletin of the Toronto Stock Exchange President Bongard said, in part:

"Long range bombing now threatens England's productive capacity, not only of war materials but manufactured articles for foreign trade. Consequently her need for uninterrupted production of munitions is imperative—as is it vital for her to retain control of export markets.

"Britain can achieve both in Canada. Transplanting of her lighter munition plant equipment is feasible and no tremendous engineering problem. Nor is the migration of skilled workers to operate the plants any more of a transportation problem than our dispatch of forces overseas.

Ample Materials at Hand

"Here in Canada with raw and processed materials at hand, electric power and factory facilities available and our own munition industry as a supplement, Britain's war output could be maintained to a certain degree.

"Similarly, relocation of her industrial capacities to retain control of export markets is possible. Establishment of branch plants in Canada by methods similar to those used by United States business concerns and as Britain herself has established in South Africa, India, and Argentina, can be made effective in a comparatively short space of time.

"For the latter purpose of maintaining control of export, her industrial patents would be protected under like laws in Canada, commercial credits could be based on the present sterling-dollar arrangement, while foreign business contacts and shipments would not be so susceptible to danger as in the shipping lanes of European waters."

May Shift Industrial Centre

Dr. Bruce pointed out that the very probable road ahead for Britain "may very likely result in shifting the centre of the war effort to the new world—not because Great Britain will yield, but because a beleaguered fortress cannot carry on normal production and cannot plan for the next year's output to achieve victory.

"This means that Canada will become the very heart of the Empire defense arrangements. In co-ordination with the United States, and aided by the other Dominions, we shall have to carry on the fight from here, and become the main British war industry and supply centre.

Indust. Accept. Earnings Down

From Our Own Correspondent

MONTREAL.—Volume of receivables of Industrial Acceptance Corp. was slightly greater in the six months' period ended June 30 than in the corresponding period last year. Because of increased expenses, however, profit for the period was slightly lower than last year, The Financial Post is informed.

The company's business during the year has shown a moderate rate of growth, particularly in the western provinces. The company's subsidiaries, Industrial Factors Corp. and Campbell Auto Finance Co., are proving valuable acquisitions.

It is believed that increased wages and higher employment caused by increased industrial activity will be reflected in greater purchasing power. This, it is believed, will result in a better demand for the company's services.

Offsetting this favorable development to some extent is the high rate of taxation on automobiles and the greater proportion of wages that will be absorbed by the Government in income and other taxes.

It is believed that the higher impost on automobiles will not greatly affect the company's activities, as automobile financing is done principally upon cars in the low price field. Relatively little financing of high price cars is undertaken.

In the year ended Dec. 31, 1939, volume of business and earnings showed moderate reduction. Earnings on the class A stock were reduced to $3.19 a share from $4.03 in 1938, based on the combined earnings of class A and class B shares. All class B shares were converted into class A shares on a share-for-share basis on Feb. 1, 1939.

Defense Tax Payable Yearly If Person Not An Employee

Persons with an income taxable under the National Defense Tax but which is not derived in the way of wages or salary will, it is understood, pay the new levy direct to the income tax authorities at the end of the fiscal year.

This group includes persons with a small business of their own such as a retail merchant, professional men like doctors or lawyers and farmers. In all cases, of course, the exemptions of $600 for a single man and $1,200 for a married man will apply.

Farmers who have employees such as farm manager or hired men or women, retail merchants who have clerks, doctors who have chauffeurs, etc., will deduct the 2% from the wages paid and remit them monthly to the authorities.

In calculating the wages of hired help it is pointed out, that in cases where board and room form part of the remuneration, the employer will have to reckon the value of the accommodation so furnished. This will then be added to the regular monthly wage to determine whether the total wages paid bring the employee into the tax paying group.

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Lottery Curbed By Postal Ban

Prohibitory Order Being Enforced Against Montreal Sweepstake Operators

Canadian postal authorities are enforcing a prohibitory order barring use of the mails to the Provincial Society for the Assistance of the Blind, Montreal, and a number of agents engaged in promoting the $4.5 millions sweepstake for which the society sold the use of its name.

The order against the society was issued May 17 and that against the individual agents earlier in that month, and postal officials say the bans were implemented within a few days of issuance. However, better business bureau officials probing the lottery learned of the orders only this week. The usual practice of publishing such orders in the postal guide, issued periodically for guidance of local and district officials, was apparently not followed in this case.

As far as could be learned this week no action has been taken against the Society, Alliance Agencies Ltd. or officials of either concern by provincial or local police in Montreal.

Nfld. Budget Cuts Expense

(Continued from page 1)

his budget address that the voluntary war loan floated last month for $1.5 million, along with $500,000 to be provided from revenue were paid to the United Kingdom at the end of June to meet Newfoundland sterling obligations. This action on the part of the Newfoundland Government reduces the amount to be drawn from the British grant-in-aid to less than $2 millions.

Lightening of the burden on the Mother Country by these methods was in accordance with the Government's pledge last November that it would not call upon the British Exchequer for assistance involving burden on the sterling dollar exchange.

Expenditure is estimated at $15,450,000, and revenue at $13,525,000, leaving an over-all deficit of $1,925,000 for the year. Part of this deficiency will be covered by the sale of war savings certificates, which Newfoundland has conducted along the lines of the Canadian plan.

The Commissioner for Finance stated that other measures which may be required to cover sinking fund payments of $800,000 would be considered at a future date.

Wide taxation increases were announced to raise revenue to the budgeted amount.

A. S. MacMillan Named Premier

From Our Own Correspondent

MONTREAL.—Hon. A. S. MacMillan, veteran of 20 years of provincial politics and Minister of Highways and Public Works, this week became Premier of Nova Scotia. He succeeds Premier Angus L. MacDonald, appointed Minister of National Defense for Naval Affairs.

Borrowing . . .

THAT HELPS MANY

Everyday citizens in all walks of life—wage-earners, professional and business men and women—are borrowing from this bank for personal needs.

They are repaying these loans in twelve monthly instalments and the "hire" for the money is only $3.65 for each $100 borrowed. There is no other charge.

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A92

Bell Telephone Earns Dividend

Higher Taxes Not Affecting Ability to Pay 8% on Stock

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada expects to earn and pay its present dividend of $8 a share this year, according to a statement by President C. F. Sise.

The statement was prompted by the recent steady decline in the price of the company's stock to the lowest level since the fall of 1935.

"Under normal conditions," said Mr. Sise, "fluctuations in our stock cause us no concern, but perhaps for the information of shareholders and investors it is timely to say something about the outlook for our business.

Effect on Confidence

"Undoubtedly recent articles dealing with the estimated effect of war profit taxes on the earnings of certain companies have made an impression on the minds of shareholders, but so far as the Bell Telephone Co. is concerned we expect to earn and pay the present rate of dividend this year.

"Taxes will be about $1,800,000 more than last year, but the present outlook is that this heavy increase will be nearly offset by increased earnings and savings in interest charges resulting from last year's refinancing of our series A bonds."

Asbestos Corp.—Improved gross income for the company this year is indicated by continued expansion in asbestos exports. During May, 15,949 tons of crude asbestos valued at $1,166,735 were exported, compared with 12,176 tons at $767,934 in May, 1939.

Munitions Output Now Organized

From Our Own Correspondent

OTTAWA.—Administration of the munitions and explosives programme in Canada of the British Government will be handled by a non-profit, Government-owned company known as Allies Supplies Ltd.

It will also administer joint British-Canadian munitions undertakings.

Conforming in setup to the Citadel Merchandising Co. Ltd., dealing with machine tools and equipment for war industries and the Federal Aircraft Limited, dealing with the production of Anson Training aircraft and parts, Allies Supplies has a chairman, a president and six directors, all drawn from high posts in the business world.

Officers of Allies Supplies are:

Chairman — Hon. C. A. Dunning, ex-minister of finance.

President — Harold Crabtree, president, Howard Smith Paper Co., Montreal.

Directors

W. D. Black, Hamilton, president of Otis Fensom Elevator Co.

Beaudry Leman, president and managing director of Banque Canadienne Nationale.

J. Y. Murdoch, president of Noranda Mines Ltd.

D. R. Turnbull, managing director of Acadia Sugar Refinery Co. Ltd., Halifax.

R. H. McMaster, president of Steel Co. of Canada, Montreal.

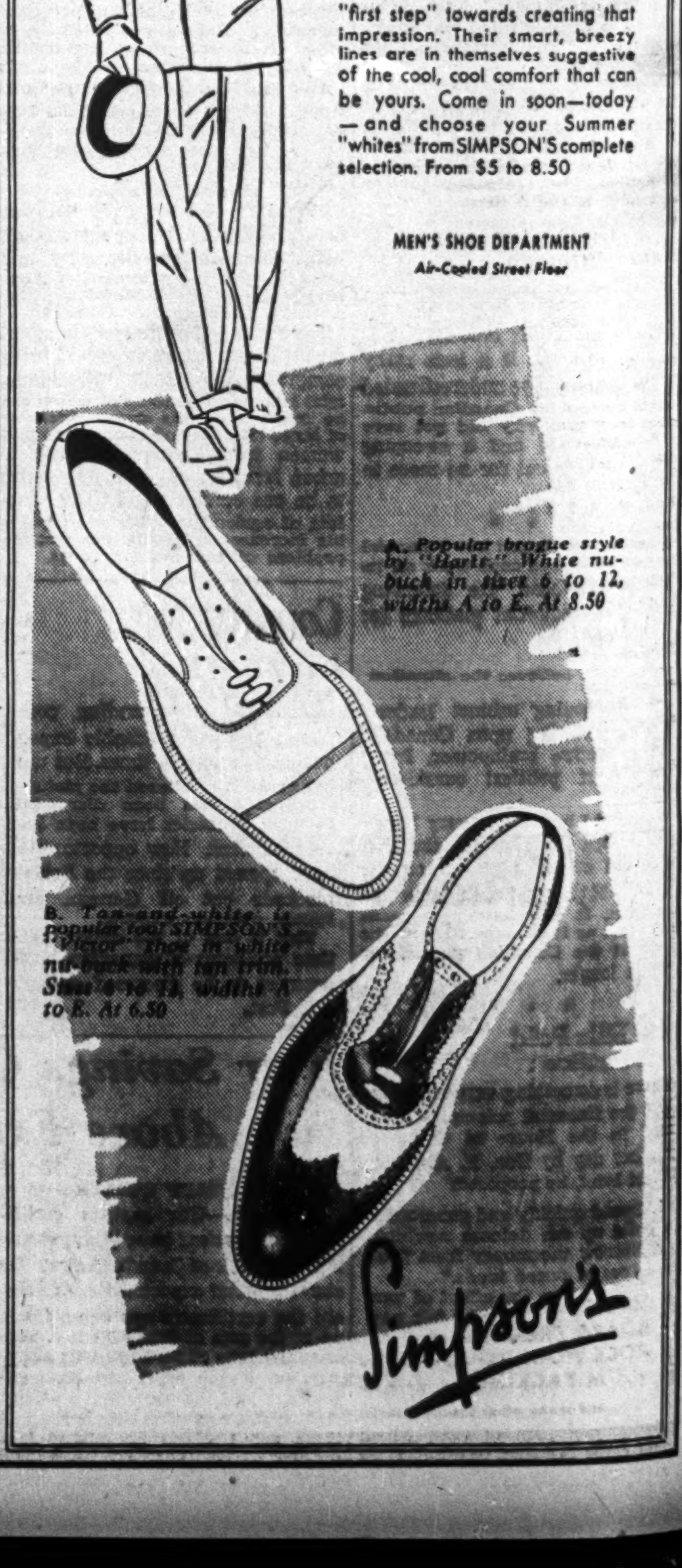
E. A. Wilson, president and general manager of Ingersoll Machine and Tool Co. Ltd., and vice-president and general manager of Morrow Screw and Nail Co., Ingersoll, Ont.

Naval Craft Launched By C. S. L. Subsidiary

From Our Own Correspondent

MONTREAL. — Davie Shipbuilding and Repairing Co., subsidiary of Canada Steamship Lines, has launched two of the ten anti-submarine patrol boats ordered from it to meet British and Canadian naval requirements. Value of the complete order is approximately $5.7 millions.

THE STORE FOR MEN



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Simpson's

London Calling . . . . By Atticus

Roosevelt's Farsighted Moves in Taking Republicans Into Cabinet Wins Strong Approval

FRANK KNOX

HENRY STIMSON

F. D. ROOSEVELT

LONDON. — Prophets are out of fashion, and the stars have become a riddle that no one can read. Therefore one ventures upon prediction with a full sense of the temerity of such an action. Nevertheless I think that history will regard President Roosevelt as a great man in a period when politicians and soldiers were shrinking in size in almost every country.

Three years ago it seemed that there was hardly an educated American who could speak of Mr. Roosevelt except in terms of anger and contempt. I have never seen a political leader so condemned, so hated and so distrusted. It may be that this cleavage between the executive and the more responsible elements of the nation helped to prevent the U. S. A. evolving a foreign policy that went beyond merely staying out of trouble. On the other hand, there are many now who argue that only a President who was ready to improvise and experiment in legislation could have prevented an internal revolution following the crash of 1929.

Yet, strangely enough, it will be in the realm of foreign affairs that Mr. Roosevelt will have achieved his place in history. If American isolation has done much to bring Europe to disaster, President Roosevelt himself has shown intense sympathy with European problems. His words have a lofty idealism, and yet, at the same time, a bluntness that leaves no doubt as to his sympathies. His eleventh-hour attempt to discourage the capitulation of France was a brave action politically, when one considers that a Presidential election is not far off. But far more important is his action in appointing Colonel Frank Knox and Mr. Henry Stimson to key posts in his Cabinet.

* * *

Wilson's Great Mistake

To the British ear the appellations "Democrat" and "Republican" are so similar in quality that it is difficult for the ordinary man here to distinguish between them. In the U. S. A., however, the line between the parties is almost as rigid as that which divided the North and South before America had its over-filmed civil war. It was President Wilson's failure as a Democrat to appoint a Republican or two to accompany him to Versailles which paved the way to his, and the world's, disaster. Had he created a Coalition administration at that moment the League of Nations might now be the greatest power in the world—and Hitler a ranting street corner spellbinder giving cheap amusement to idle crowds.

* * *

Col. Frank Knox

President Roosevelt is apparently determined not to repeat his predecessor's mistake. Hence the inclusion in his Cabinet not only of two Republicans but, in the case of Colonel Frank Knox, of a man who has long been a most bitter opponent. Colonel Knox is a newspaper man (he owns the "Chicago Daily News") and knows how to speak in headlines. He is blunt, he is determined, and he is courageous.

When he was receiving £30,000 a year as general manager of the Hearst newspapers he gave the job up, although many would have thought £30,000 was a satisfactory wage. But he wanted power, and the opportunity to express freely his own thoughts. As part-owner, and eventual owner, of the "Chicago Daily News" Colonel Knox attacked corruption and extravagance, and found a rich field for his activities in the Chicago of those days.

In the last election Colonel Knox ran for the Vice-Presidency as an Isolationist, but when the Roosevelt landslide overwhelmed him he went to Europe to see the powder magazine at first hand. On that trip he met Mussolini, Schuschnigg, Benes, Blum, King Zog, and many others who have since reached the twilight of the gods. The result of his visit was a realization of what a strong Britain meant to the dark continent. He abandoned his isolationism and became a sturdy and powerful friend of Anglo-American co-operation. In the last few weeks he has conducted a nation-wide campaign for full assistance to the Allies.

* * *

Henry Stimson

One does not think of Mr. Henry Stimson (the other Republican addition to the Cabinet) as being 73 years of age. His is one of those famous names which appear intermittently in the American political drama, attracts world-wide attention, and then disappears again.

Mr. Stimson is an American aristocrat. That is, he is descended from the Pilgrim Fathers, was educated at Andover and Harvard (corresponding to Harrow and Cambridge), became a lawyer and eventually Secretary of State for War in 1911. Nineteen years later he occupies once more the same post. When the U. S. A. entered the war in 1917 Mr. Stimson enlisted at the age of 50, and went to France in command of an artillery unit.

Mr. Stimson has a first-rate brain, supported by a fearless character. Like Colonel Knox his voice has sounded a constant warning during the last few months that there are no frontiers to evil, and that to save America Hitlerism must be stamped out at its source.

* * *

Broadcast from Parliament

These are times when traditionalism must give way to the necessities. This somewhat trite observation is prompted by the unnecessary burden imposed upon the Prime Minister when he made a long speech in the House of Commons, and then in the evening repeated it on the wireless. It is not necessary to depict the almost unbearable strain which Mr. Churchill is enduring. In addition to his myriad duties the preparation of his speech in the House of Commons last Tuesday must have taken a great deal of his time.

It is not unkind to say that when he delivered it for the second time on the wireless it lacked much of its earlier spontaneity and effectiveness. Surely this is a time to break a long established code. There will be many occasions during the next few months when the Prime Minister will want to speak both to Parliament and the outside world. Why should he not do them simultaneously? Open the ears of the entire world to the House of Commons, and let them hear the Prime Minister of a great democracy speaking to the elected legislators of the people. I do not for a moment suggest that the debate should be broadcast, but only the Prime Minister's speech. It would add authenticity and meaning to his words. It would serve to remind the world that democracy still exists.

* * *

"Et tu, Brutus"

And now the Eternal City too has spoken. Italy has gone to war to aid the murderer of Poland, Czecho-Slovakia, Holland, Belgium, Austria, Denmark and Norway. If the dead can stir, the ghosts of Garibaldi and Cavour must haunt the streets of Rome tonight.

I was in Rome when Mr. Chamberlain made that noble attempt to bring Italy into friendly understanding with this country. No doubt, in the present mood of bitterness, he will be condemned for that endeavor. Yet I cannot even now recall it without emotion. I saw Italian women, with tears running down their faces, hold out their hands toward Britain's Prime Minister as though he held the promise of a world which they had lost. The generous soul of the true Italy was touched, and I felt that war against Britain was something which even a dictator would not dare to venture upon. I was wrong. Like many others, I failed to realize that totalitarianism has no ending except in war. Nor did I understand that when the written and spoken words are in chains to tyranny a nation is but a slave to its master.

* * *

Sacrifice Souls

Starace, who was the secretary of the Fascist party when I was there, was an inexhaustible receptacle for all the Axis propaganda intended for neutrals. He was the sea-green incorruptible of the Fascists, the man who hated everything human or kindly. He even tried to do away with the shaking of hands until ridicule killed his plan with ironic laughter. A few months ago it seemed his star had set, but it has risen again. His hatred of the democracies, his contempt for their "degenerate" respect for human liberty, and his slavish worship of brute strength have had their reward in seeing civilized Italy at the side of the Hun.

On that visit I was the luncheon guest of the lively Signor Alfieri, the then Minister of Propaganda. He was amusing, brilliant and conscienceless. When history comes to judge the men who rose to power in the totalitarian states it will be revealed that the first requisite for promotion was the death of the soul. When Mussolini was certain that Alfieri's soul no longer existed he sent him to Berlin as Ambassador.

* * *

Change

It is only a few weeks ago that I mentioned in these notes the small dinner party given by Harold Balfour for Mr. Norman Rogers when he was here. The guests included Mr. Eden as Secretary of State for the Dominions and Sir Samuel Hoare as Air Minister. The changes that have taken place since then are symptomatic of the headlong pace of events. Sir Samuel Hoare is in Spain as Ambassador. Mr. Eden is at the War Office. Norman Rogers is in his grave, killed in a flying accident between Ottawa and Toronto.

The days when the world remained unaltered for a week at a time seem as distant as forgotten music or the dreams of youth.

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The Post-Bag

Parmelee to Retire

James G. Parmelee, diminutive veteran civil servant and deputy minister of Trade and Commerce is scheduled to be retired soon. Successor will probably be L. D. Willgress, who is in charge of the commercial intelligence service. The change may bring new life to the department. Both Hon. W. D. Euler, the former minister, and Mr. Parmelee were men whose minds were largely closed to new ideas. Under them the brilliant younger minds of the department have chafed in frustration.

* * *

Too Many "Scions"

It is generally admitted at Ottawa that the excessive publicity given to the titular distinctions of the first batches of young evacuees was unfortunate. And it is obvious that many of the first arrivals—and their governesses—had scant respect for the colonial possession to which they had come. But the British Empire has survived worse things than the snobbery of English governesses.

* * *

It Can Be Done

Our good friend, The Northern Miner, takes a little crack at "a worthy contemporary" (could it mean The Financial Post?) for attempting to figure the effect of the budget on the earnings of the mines. "Can't be done," says The Miner.

On the same page The Miner says the new taxes will cost Lake Shore 6 cents per share per quarter, or $480,000 a year.

So it can be done.

* * *

Anonymous Patriot

Again this year on July 4 the New York Times ran as a full-page advertisement a facsimile of the Declaration of Independence. There was no signature, except those of the original signers of the Declaration and we presume they did not pay for the ad. We've seen this full page in the N. Y. Times every July 4 for many years, but do not know who pays for its publication.

* * *

Seen in Hansard

A woman cannot get into the Royal Canadian Air Force. The Minister of National Defense for Air (Hon. C. G. Power) so informed the House of Commons the other day. . . . Apparently Canada's defense officials are not counting on having to fight the war in northern Canada. According to an answer given in the House no snowshoes have been bought by the Department of Munitions and Supply. . . . Down at St. Stephen, N.B., members told the House, there are two towns on the border. The fire department of both towns respond to the one fire call. The American cemetery is on the Canadian side. . . . A. M. Nicholson, M. P. for Mackenzie, quoted in the budget debate from a book by "Mr. A. C. Laut." But "Mr." Laut's name was Agnes.

* * *

Picked Up in Passing

Wendell Willkie was once a high school teacher . . . . American magazines ran a picture of Hitler at Napoleon's tomb. Was he thinking perhaps of St. Helena? . . . Nation's Business, Washington, tells of the waggish Virginia farmer who advertised "Ye Olde Fresh Eggs" . . . Fortune Magazine says that Nylon (new artificial silk) does not stand for "now, you lousy old Nipponese." . . . That great British patriot, Major L. L. Angas, continues to advertise his financial prophecies in New York papers. For $2 he will tell almost anyone how to make money out of the war in which his homeland, Britain, is fighting for her life. . . . Whaley-Eaton Letter of Washington has discovered that two SK combinations are rearming the U. S. A. They are Stettinius-Knudsen and Stimson-Knox.

* * *

Not New

News-Review, London, says this passage from Shakespeare was discovered by Sir Frederick Leith-Ross:

> **Gloucester:** Is Paris lost? Is Rouen yielded up? . . .
> **Exeter:** How were they lost? what treachery was used?
> **Messenger:** No treachery, but want of men and money:
> Among the Soldiers, this is muttered—
> That here you maintain several factions,
> And whilst a field should be dispatched and fought,
> You are disputing of your generals:
> One would have lingering wars, with little cost:
> Another would fly swift, but wanteth wings:
> A third man thinks, without expense at all,
> By guileful fair words peace may be obtain'd.
> Awake, awake, English nobility!

* * *

Cat Out of Bag?

In Canada a great secret is made of the number of men to be trained under the Commonwealth Air Training Scheme. But Lord Lothian remarked some time ago that it would turn out 50,000 men a year. Now an official British Government "release," passed by the censor, gives the figure as 20,000 pilots and 30,000 members of air crews a year. "When working at peak efficiency it will require 6,000 trainer aircraft flying every good flying day," says the statement.

C. N. Terminal Being Rushed

Transport Minister Announces Montreal Project Ready by Spring

From Our Own Correspondent

MONTREAL.—The Montreal terminal of the Canadian National Railways will be completed so that operations of the terminal and tracks may be in effect next spring, Transport Minister C. D. Howe stated in the House of Commons. Work will be rushed so that the project will be in operation by that time.

In discussing continuation of this project despite war emergencies, Mr. Howe stated that before commencement of the present work, Canadian National Railways had four separate terminals in Montreal, none of them connected. There was the Bonaventure Station, the Moreau Street Station, the Tunnel Terminal, and the McGill Street Terminal of the Montreal and Southern Counties line. Mr. Howe stated that it was necessary to unify these terminals and provide large facilities for handling freight and passenger service.

Estimates Reduced

Original estimates provided for a $53 millions terminal but after 1929, because of the depression, work was stopped after $16.8 millions had been spent. Then early last year it was decided to recommence work on the project in a modified form. It was decided to spend an additional $12.5 millions. Last year there was about $4.5 millions expended on the project. The situation was reviewed when war broke out. It was decided that the original estimate of $12.5 millions could be pared by $2 millions, at the same time conserving the terminal's main features.

Provision was made in the 1940 railway budget for completion of the terminal. Mr. Howe explained that if the terminal had not been completed there would have been an unproductive expenditure of $23 millions. By spending an additional $4 millions, the terminal can now be completed and put into operation.

The Transport Minister said a very serious traffic problem would occur on the Island of Montreal if the terminal were not put into operation. A new passenger station will replace the old Bonaventure depot, which will be in use for enlarged freight facilities.

Newfoundland Offers Savings Certificates

A War Saving Certificate plan similar in nature to that in force in Canada has been announced by the Newfoundland Government.

War Savings Certificates will be issued at $2.50 and will be repayable in six years at $3. Subscriptions will be limited to $500 to any one individual in a calendar year.

Large Increase Reported In Air Passenger Traffic

From Our Own Correspondent

MONTREAL.—Preliminary report on civil aviation for 1939 shows that passenger miles flown during the year were almost double those of 1938. There was a total of revenue and non-revenue flights of 26.1 million miles flown in 1939, compared with 14.9 million in 1938, the increase being chiefly due to expanding operations of Trans-Canada Air Lines.

The total included 21.8 million revenue miles in 1939, and 4.3 million non-revenue miles. In 1938 revenue miles totalled 10.9 millions and non-revenue 4 millions.

Freight Declines

Freight carried during 1939 showed a decrease from the preceding year. There were 23.2 million lb. of freight and mail carried in 1939, compared with 23.6 million lb. in 1938.

There was a marked decrease of square miles of topography photographed from the air. Square miles sketched from aircraft in 1939 amounted to 3,420, compared with 13,000 in 1938.

There were 3,665 aircraft pupils given instruction in light airplane clubs during 1939, compared with 3,390 in the previous year. Pupils receiving pilot certificates from the various light airplane clubs, schools, etc., amounted to 558 in 1939.

Pilot Training

There were 306 pilots trained up to May 27 in 22 flying clubs in the Dominion which had offered facilities to the air force, according to a return tabled in the House of Commons.

Pilot training contracts were made with 22 clubs but seven were withdrawn to make way for other war and training operations.

Debt Service Largest Item In Municipal Expenditure

Expenditure of local governments in Canada are absorbed principally by three purposes, debt service, public welfare, including direct relief and education. These items accounted for 67% of expenditure in 1938, according to the Citizen's Research Institute.

Debt service is the greatest single item of expense of local government, according to the Institute's estimate. Second only by a fraction is the cost of public welfare and relief.

Following are estimated expenditures in 1939 for the first three purposes.

Debt service	$134,981,139
Public welfare	134,590,837
Education	127,196,376

In relation to local income local expenditure was highest in the Province of Saskatchewan, where it amounted to 20.64%. The relief situation in the past several years was largely responsible for this high expenditure ratio. British Columbia ranks next with 17.33% of local income being expended on the needs of local government. Quebec is third with 16.77%.

Following is a tabulation compiled by the Institute showing relationship of local expenditure and taxation to local income. The latter estimate is taken from findings of the Royal Commission on Dominion-Provincial Relations.

Province's Share of National Income Formed by

	Taxation %	Expenditure %
British Columbia	11.88	17.33
Alberta	11.88	14.73
Saskatchewan	13.27	20.64
Manitoba	10.39	12.86
Ontario	10.97	13.33
Quebec	11.44	16.77
New Brunswick	9.33	13.16
Nova Scotia	9.42	12.40
Prince Ed. Island	7.61	9.37

While these comparative figures of expenditure and taxation are interesting they do not necessarily provide a measure of relative capacity of taxpayers to support local government activity, the Institute notes.

The Institute bulletin points to the fact that severe curtailment of local government expenditure is imperative at this time to give national needs for war priority but it recommends "cutting by plan" rather than 'slashing by random."

Mexico Tramways Outlook Better

New Legislation May Be Helpful — Mexican Peso Higher

Several favorable features as affecting operations of Mexico Tramways Co. were reported by Miller Lash, chairman, at the annual meeting.

A new law of General Ways of Communication, governing all Mexico, has been passed. This is expected to be followed by a special law governing Mexico City and surrounding district in which the company operates. It is hoped the new legislation will result in traffic being coordinated in this area. It is understood that, at present, the situation is somewhat difficult as a result of the competition of jitneys.

Mr. Lash reports an increase since May 30 in value of the Mexican peso, the price having risen from 18½ to 22½ cents Canadian currency. The chairman states it is not yet possible to define clearly the cause for the rise or the likelihood of its permanence. But, in the meantime, the improvement is encouraging.

Net deficit for 1939 was $90,137 greater in Canadian currency than in 1938.

Newfoundland Forms Defense Department

The Newfoundland Government has set up a special Department of Defense, to be headed by Hon. L. E. Emerson, Commissioner for Justice. Mr. Emerson now becomes Commissioner for Defense in addition to his regular portfolio. He will be charged with the administration of military affairs, including home defense, fortifications, ordnance, ammunition, arms, armories, stores munitions and other equipment of war, control, regulation, management and supervision of the Newfoundland militia and recruiting for service at home and abroad.

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Investment Trends

Stocks Appear Waiting For War News Break

Lack of Activity May Continue Until News From Abroad Becomes Decisive — Control Attempts Limit Earnings Fluctuations and Influence Markets

There has been nothing happening in stock market circles for the past few weeks to give any worthwhile clues as to probable direction of the next move. The time of the move is perhaps easier to determine. It is likely to come when the current lull in the war is ended and some idea of the outcome of the next move of the belligerents can be obtained.

Talk of some recession in business in the United States and the uncertainty surrounding the presidential campaign may delay leadership from that source.

Altogether some continuation of the period of dullness is probable, at least until news from Europe takes on a new aspect. A condition of stability in stock markets seems also to be the logical outcome of our present taxation system. Profits, as illustrated by all studies made to date of the effect of the Excess Profits Tax, will probably be stabilized not far from levels prevailing in the past year or two. Increased activity may give sufficient gains in earnings to offset the higher taxation in many cases. But it will be difficult to show important increases.

* * *

Consumption Industries

Industries supplying essential products for mass consumption have been among those reporting steadiest earning power in recent years. Under conditions of industrial activity which now prevail, even if dependent on war influences, these companies should continue to be active. Opinion also is that the essential character of the businesses done will probably mean fair treatment from Government tax or other authorities.

At the same time, current market prices mean that these same companies give unusually favorable yields, while their history shows that their dividends have seldom been jeopardized.

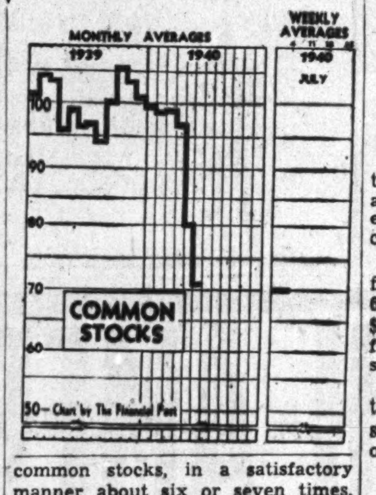
Canadians will be interested in a number from this group. It might include such companies as Loblaw Groceterias, yielding about 6% at present, Imperial Tobacco, Canada Packers, Ogilvie Flour and similar concerns of the "Blue Chip" class. Even with such companies, however, the war has brought dislocations in export markets, for example, making it desirable to choose carefully.

* * *

Dow Theory Attacked

The Dow theory as an aid in determining investment policy, has an unfavorable record, according to Herbert G. Lyttle in The Annalist. His most recent test was based on the purchase of the 666 common stocks quoted on the New York Stock Exchange on July 18, 1939, the last date which he claims the Dow theory gave a bull market signal. Then, he claims, on May 13, 1940, a Dow theory bear market signal was given. But the purchase of this list of common stocks in New York, under what he claims to be the best possible circumstances, would mean a net loss of 8 1/3%.

He concludes that there have been 12 bull markets according to the Dow theory. The theory has worked, when applied to a very broad list of



common stocks, in a satisfactory manner about six or seven times. Four of these occasions were at the very beginning of this study. Since 1910 there have been about two out of the eight which can be definitely called satisfactory. The most recent one has operated most successfully in reverse.

He gives no explanation as to why this theory might have worked in the first place and not work now, although suggesting that the very faithfulness by which a large number of investors have followed the Dow theory may have ended its usefulness.

Regent Knitting Sales Continue to Improve

From Our Own Correspondent

MONTREAL. — Sales of Regent Knitting Mills Ltd. are continuing well ahead of last year. To the end of June, increase is reported at about 100% over the corresponding period of last year.

Sales to the Canadian Government through the Department of Munitions and Supply were more than $250,000 in the first quarter of the year. Improvement has been reflected in earnings, a fact indicated by the company's declaration of a quarterly dividend of 40 cents a share.

No dividends were paid on the $1.60 preferred non-cumulative shares of $25 par value during 1939. Net profit in 1939 amounted to $43,597, against a net loss of $116,744 in 1938.

Lehman Corporation—In the three months ended June 30, 1940, this large U. S. investment trust added 4,000 shares of Canada Dry Ginger Ale and 2,500 shares of International Paper and Power to its portfolio, while reducing holdings of International Nickel by 1,300 shares to 11,000. Other changes in portfolio involved purely U. S. securities.

Guelph Carpet Does Better

Business in First Nine Months Better Than in 1938-39

Business of the Guelph Carpet & Worsted Spinning Mills, Ltd., for the first nine months of the fiscal year ending Sept. 30, next, has been better than in the comparable period of the 1938-39 fiscal year, The Financial Post learns. Due to the new excess profits tax, however, the margin of net profit will be proportionately lower in 1939-40 as compared with 1938-39.

The 1938-39 year was the best since the present company was organized in 1929, earnings having been equal to $2.04 per share on the common stock, compared with 7 cents and $1.83 per share in the previous two years. It cannot be said, however, as to whether the higher earnings level established by the predecessor company in 1925-29 is being approached.

Improvement has been due primarily to stimulation in civilian demand for rugs which commenced in September last. The increased business has continued until recently. The company has been engaged indirectly, in a small way, in military orders. Weaving yarns have been made for companies manufacturing uniform cloth but which are not equipped with woollen yarn machinery. A small proportion of the yarn is being used in the manufacture of blankets.

The company experienced difficulties in early months of the fiscal year in obtaining certain qualities of wool and wool tops. It is understood, however, that the problem since has been overcome.

Business in Canada at Record Peak

● Business operations in Canada during May touched the highest level in 21 years. Industrial activity continues to show further gains; dividend payments during July by Canadian corporations show an increase of 26 per cent over the figure recorded for the same month a year ago.

● Clear thinking, common sense, courage of convictions based on facts; a constructive spirit of optimism as opposed to destructive thought and speech—these attributes are vitally important in the field of investment today.

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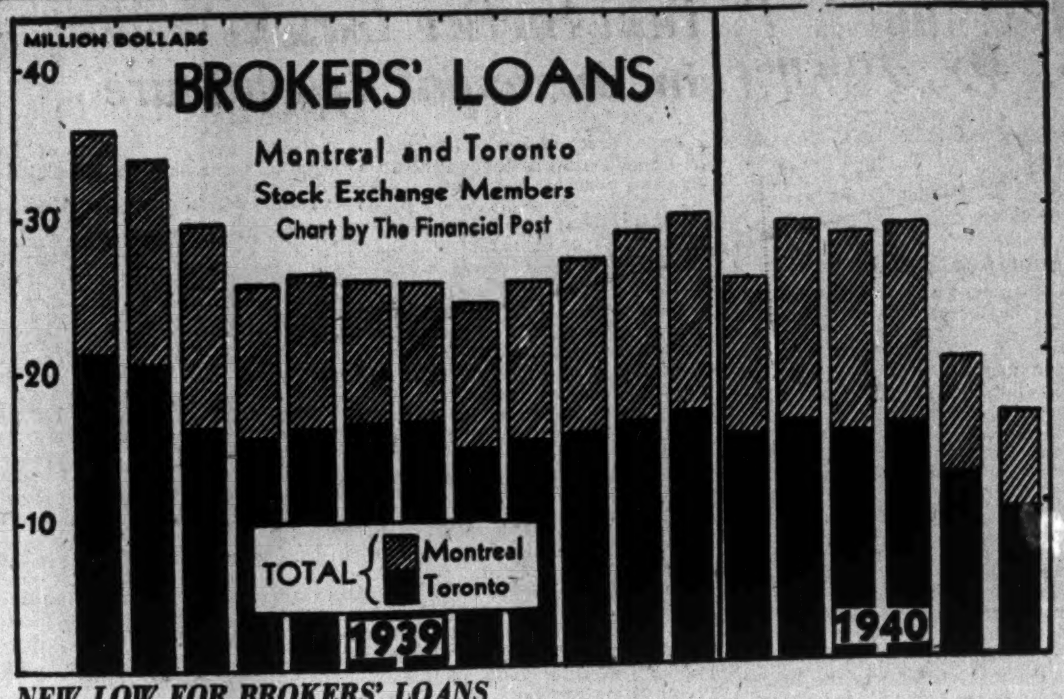


NEW LOW FOR BROKERS' LOANS

Effect of the decline in stock prices and the extreme inactivity prevailing recently is well illustrated by the drop in collateral borrowings of members of the Montreal and Toronto Stock Exchanges to lowest figures on record. This follows a correspondingly sharp decline in loans in May. Technical strength is given to the stock markets by the extent to which liquidation of margin accounts has been completed. Forced sales from this source would probably be of minor importance in the event of any further shocks to the markets.

Company Reports

Thrift Stores

Substantial betterment in operations is shown by Thrift Stores Ltd. and subsidiary companies in the year ended March 30, 1940, over the preceding year.

In the year under review net profit was equal to $4.17 a share on the 6½% first preferred stock of $25 par; $2.90 a share on the 7% second preferred stock of $10 par and $1.32 a share on the no par common.

Sales increased despite the fact that the company is operating a smaller number of stores than in operation one year ago.

In the auditors' note it is stated: "This financial statement does not reflect the liability, if any, of the company to certain municipalities for chain-store taxes, amounting to $105,693 which the company disputes and has contested, neither does it reflect a claim for the refund of $73,717 made by the company with respect to taxes alleged to have been illegally collected by the said municipalities."

No dividends were paid on the preferred stock and the stock is in arrears of dividends from Jan. 1, 1935.

Cons. Income and Deficit Account
Years Ended

	Mar. 30 1940	Mar. 25 1939
Oper. profit	$132,092	$56,613
Less: Exec. sals.	23,368	22,905
Net oper. earns.	108,724	33,708
Add: Int. earned	105	......
	108,829	33,708
Less: Deprec.	27,099	16,452
Directors' fees	1,800	1,800
Legal fees	3,643	5,158
Stop & Shop note int.	4,745	5,367
Exp. re store clos.	......	22,924
Income taxes	14,371	......
Net profit	57,171	*17,993
Less: Prev. deficit	173,697	145,420
Loss on assets sale	2,550	10,284
Prior inc. tax	9,304	......
Deficit forward	128,380	173,697

*Loss or deficit.

Working Capital

Current assets	$478,369	$444,462
Current liabilities	260,366	345,115
Working capital	218,003	99,347

Balance Sheet Changes

Cash	$66,620	$33,187
Dom. bonds	20,105	......
Inventories	346,309	359,014
Notes pay. (curr.)	......	97,847
Notes payable	50,000	......

Dominion Motors

Dominion Motors Ltd., Leaside, Ont., reports a deficit of $17,926 for the year ended March 31, 1940. This compares with a deficit of $13,541 for the preceding year and brings the accumulated deficit to $2.8 millions.

The company was formerly active in manufacturing Durant cars and Rugby trucks but has not carried on manufacturing operations since 1933. Efforts are confined to leasing and disposing of buildings.

Three of the companies leasing space moved to other premises last year, but the vacated space was immediately filled and the buildings continue fully occupied, states James A. Brand, president.

Balance sheet shows bank advances, including accrued interest, at $620,349 against $592,191 a year ago. Other current liabilities total $10,032 against which current assets are $1,981.

Royal

Total premium income of the Royal Insurance Co. for 1939 at $74.8 millions was $210,000 higher than in 1938, according to the annual report presented at the annual meeting, in Liverpool. The figures are on an approximate basis, computing the pound at roughly $5.

Consolidated profit and loss account for all departments showed credits of $5.9 millions transferred from the fire, accident, marine and life accounts and $5.6 millions from interest and dividends.

Assets at the end of the year were about $356,000 above the previous year. Mortgage holdings were $17 millions compared with $16 millions in 1938. Investments were down $3.2 millions at $149.6 millions.

The life assurance fund was $1.3 millions higher at $136 millions. Other insurance funds were up $180,000 at $47 millions.

The directors authorized payment of a five year bonus for the policyholders of the Royal, Queen and Midland Counties companies, all subsidiaries of the Royal.

Important items in the report follow:

	1939 $	1938 $
Int. & dividends	5,602,405	6,050,660
Underwr. profit	5,944,900	5,412,125
Total prem. inc.	74,823,780	74,616,055
Total assets	265,001,965	264,645,805

Acme Farmers Dairy

Net profit of $228 in year ended Mar. 31, 1940, for Acme Farmers Dairy Ltd., Toronto, compares with loss of $69,392 in the previous year. Working position was improved by almost $48,000, and working capital stood at $37,523 on Mar. 31 last.

The loan from the controlling company, Eastern Dairies, Ltd., was reduced by $90,000 to $25,000.

Shown as a contingent liability are income taxes since 1928, for which assessments have not been received. The figure has not been determined, but information available indicates the amount may be substantial, according to the annual report.

Loss of $51,691 on sale of the Hamilton plant during the year was transferred to capital surplus account, which was reduced thereby to $308,006.

C. B. Price, of Montreal, is a new director.

No dividends have been paid since 1933 on the 7% preferred stock, and arrears at July 1, 1940, total $42.50 a share.

Income and Surplus Account
Years Ended March 31

	1940 $	1939 $
Operating profit	169,561	98,954
Less: Deb. interest	40,000	40,000
Exec. remun.	8,520	9,140
Legal fees	550	......
Directors' fees	500	780
Depreciation	110,763	109,426
Net profit	228	*69,392
Add: Prev. surplus	264,265	333,404
Less: Prior yr. adj.	435	253
Surplus forward	264,058	264,265

*Loss.

Earnings per Share:

Preferred	$0.03	$49.91

No dividends paid.

Working Capital

Current assets	254,086	186,866
Current liabilities	216,563	197,085
Working capital	37,523	*10,219

*Excess of current liabilities over current assets.

Balance Sheet Changes

Cash	76,996	9,039
Fixed assets	2,399,801	2,587,334
Accts. payable	157,916	135,192
Due East. Dairies	25,000	115,000
Capital surplus	308,006	359,696

Corporate Investors

Corporate Investors Ltd., Toronto investment trust, reports a moderate gain in earnings in the year ended April 30, 1940, to the equivalent of 29 cents a share on the combined A and B stock compared with 25 cents a share in the preceding year. Dividends were paid at the rate of 22 cents a share.

During the year breakup value of the company's shares gained from $5.59 to $6.32 a share. A decided shrinkage has taken place since the end of April, states W. D. Glendinning, president. Investments held, at cost less reserve, are shown at $952,593 at the end of April this year while market value at the same date was $1.1 million. Corresponding figures for the end of April a year ago are book value of $1.2 million and market value of $1.1 million.

Death of Col. Robert J. E. Graham and resignation of J. Gordon Thompson, London, left two vacancies on the board. These have been filled by the election of Percy E. Hopkins and John W. Spears, both of Toronto, as directors. Mr. Hopkins is a consulting mining geologist and Mr. Spears a director of several financial institutions.

Shareholders presented 23,658 class A shares for redemption during the past year. This, with sales of 6,091 shares of new stock, left a net reduction in capital of 17,567 shares. Distributable surplus has been reduced to $19,310 from $164,427, chiefly as a result of the redemption of class A shares. Capital surplus of $118,290 has been transferred to investment reserve.

Income and Surplus Account
Years Ended April 30

	1940 $	1939 $
Investment income	65,961	60,342
Add: Other income	494	73
Total income	66,455	60,415
Less: Exec. salaries	2,500	2,500
Directors' fees	2,705	2,435
General expense	4,963	4,263
Interest paid	294	44
Legal fees	75	......
Income taxes	3,078	1,250
Net profit	52,840	49,923
Less: Dividends	42,208	43,687
Surplus for year	10,632	6,236
Add: Prev. surplus	17,971	15,148
Less: Inc. tax adjust.	386	1,000
Invest. res. transf.	3,640	2,412
Earned surplus fwd.	24,577	17,971
Earned per Share	$0.29	$0.25
Paid	0.22	0.22
Shares O/s.:		
Class A, $5 par	180,012	197,579
Class B, $5 par	1,000	1,000

Stop & Shop

Stop & Shop Ltd. reports net loss of $677 for year ended April 30, compared with $2,080 for the previous 13 months. Dividends on 6% preference shares are in arrears $4.15 per share at April 30.

The accounts do not reflect the liability, if any, of the company to certain municipalities for chain store tax amounting to $21,986, it is noted by Thorne, Mulholland, Howson & McPherson, auditors. While this amount has been assessed, the company disputes and has contested it. In any event, if confirmed, the auditors add, it is payable by Thrift Stores, Ltd., as the stores on which the assessment was made were operated by the subsidiary company.

Consol. Income and Surplus Account

	Yr. ended Apr. 30 1940 $	13 Mos. Apr. 30 1939 $
Rental	87,330	73,250
Note interest	4,470	5,883
Other interest	228	166
Gross revenue	92,028	79,299
Less: Gen. exps.	4,527	5,952
Bank interest	2,220	3,951
Salaries	......	1,713
Property rents	24,605	6,337
Other prop. exps.	5,609	1,099
Property taxes	17,648	4,098
Net earnings	37,419	56,149
Less: Depreciation	18,494	34,462
1st mtge. bd. int.	16,505	20,883
2nd mtge. bd. int.	2,188	2,571
Prov. taxes	908	313
Net loss & def. for yr.	677	2,080
Add: Prev loss	327,539	326,423
Loss on equip.	683	3,973
Loss Toronto prop.	24,921	13,509
Loss Toronto equip.	......	20,790
Exp. bdhldrs. comp.	......	8,997
Less: Pref. bds. red.	50,995	37,529
Adj. of interest	......	10,704
Deficit forward	302,826	327,539

Working Capital

Current assets	53,607	109,826
Current liabilities	41,035	119,068
Working capital	12,572	9,242

Balance Sheet Changes
April 30

	1940 $	1939 $
Land, bldgs., equip.	744,980	412,987
Note receivable	40,000	97,847
Cash in hands of bondholders trustee	1,004	21,749
First mtge. bonds	490,500	590,300
Second mtge. bonds	66,900	74,200
Bank advances	35,437	98,030
Accts. payable	3,535	18,635

Investment Corp.

Investment Corp of Canada reports net income of £7,122 for year ended April 30, down slightly from the previous year. Dividend of 2¼% was paid on the preference stock to bring payments up to Oct. 31, 1937.

The company is English, with head office in London, but is closely associated with Canadian interests. A number of Canadians are on the board of directors.

Total assets of £722,131 are down about £93,500 from a year previous.

Revenue Account
Years Ended April 30

	1940 £	1939 £
Gross income	23,631	27,206
Less: Salaries, etc.	2,889	2,783
Canadian taxes	108	99
Directors' fees	600	600
Income tax	2,407	2,865
Debenture interest	8,190	8,181
Loan interest	2,315	3,719
Net income	7,122	8,959
Add: Prev. surplus	22,982	19,064
Less: Pref. divids.	4,507	5,041
Surplus forward	25,597	22,982

Dominion Square

Dominion Square Corp. reports net income of $155,629 in the year ended April 30, compared with $178,436 in the preceding year.

Bond interest requirements for the 12 months period amounting to $140,436, compared with $281,400 on the bonds that existed prior to 1939 reorganization.

Under this reorganization plan undertaken in July last year, the holders of the old 6% first mortgage bonds accepted $750 of new 4% 20-year first mortgage bonds and 10 shares of no par value common stock for each $1,000 of bonds held. New capitalization became $3.5 millions first mortgage bonds and 46,900 no par common shares. During the past year bonds purchased and held for sinking fund amounted to $18,000, reducing funded debt to $3.5 millions.

In the year under review, depreciation allowance of $51,352 was made, leaving net loss for the year at $36,159, compared with a net loss of $102,964 in the year ended April 30, 1939. An operating deficit of $36,159 was therefore carried into the current year.

Bond interest on the first mortgage 4% bonds was earned 1.11 times before depreciation in the 1940 fiscal year, compared with 0.63 times before depreciation on the old 6% first mortgage bonds.

After the close of the fiscal year there were $2,250 of the new first mortgage bonds purchased for sinking fund. Total cost of the $20,250 purchased to date was $12,784.

Working capital at April 30 of the current year amounted to $7,884, against $13,744 at the end of the previous year.

Annual meeting of shareholders will be held in Montreal on July 10.

Income Account
Years Ended April 30

	1940 $	1939 $
Gross income	446,380	447,398
Less: Expenses	166,931	144,576
Munic. taxes	123,800	124,393
Net income	155,629	178,429
Less: Bond int.	140,436	281,400
Depreciation	51,352	......
Net loss	36,159	102,964

Significant Investors' Index Numbers

1926 = 100

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg., mater..	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	15	15	8	19	95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.9	304.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.8	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	148.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
Weekly Figures:												
June 6	92.5	13.4	69.8	107.0	70.3	143.7	108.9	104.0	49.1	76.5	36.8	72.3
June 13	95.9	13.5	67.2	104.6	70.6	142.4	106.3	104.0	48.0	76.4	36.2	72.6
June 20	94.2	12.9	62.8	101.6	70.0	145.6	106.4	104.0	46.3	75.2	35.4	72.6
June 27	89.6	12.7	61.1	92.6	70.4	144.7	105.2	100.9	45.3	72.5	34.9	70.2
July 4	86.7	12.7	61.1	94.6	70.9	145.6	107.0	99.1	46.8	70.0	35.1	70.2

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	30 Golds	10 B.M.	15 W.O.
July 9	87.62	78.46	57.08	19.71
July 8	87.54	79.42	56.81	19.56
July 6	87.72	79.36	56.96	19.29
July 5	87.87	78.95	56.81	19.33
July 4	87.34	79.01	56.91	19.35
July 3	87.41	78.85	57.19	19.35
Mth. ago	88.86	80.01	59.68	19.22
Year ago	111.09	120.86	87.22	27.75
High 1940	120.84	122.80	88.97	33.31
Low 1940	86.0	77.34	56.81	18.44

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
July 9	51.3	57.3	55.3	71.80	57.21
July 8	50.7	56.7	54.7	74.12	57.66
July 6	50.9	56.8	54.8	74.09	57.09
July 5	51.2	56.0	55.0	74.70	57.46
July 4	50.8	56.9	54.9	73.52	57.76
July 3	50.9	56.9	54.9	71.34	57.94
Mth. ago	53.2	57.8	56.3	73.52	61.12
Year ago	64.5	59.8	66.0	64.57	111.24
High 1940	[illegible]	92.2	84.4	182.63	100.81
Low 1940	50.7	56.0	54.7	66.44	55.10

Stop and Shop Does Better

Moves Closer to Time When Bondholders May Look for Higher Return

Improved position is reported by Stop & Shop Ltd. for year ended April 30, as compared with the previous 13 months. Loss has been almost eliminated, and best current results since 1933-34 are reported. The company has made progress toward the point where bondholders may look for a higher return on their investment.

Under the 1939 agreement, interest on both first and second mortgage bonds was fixed at 3% as compared with the former 6%. Provision is made that bonds are entitled to additional interest to the extent of one half the profits earned, and in no case more than 6%. No profits have been earned since Oct. 1, 1937, so no provision has been made for the additional interest.

Outstanding bonds were reduced substantially during the year, the first mortgage issue by $100,000 to $490,500 and the second mortgage issue by $7,300 to $66,900. Bank loan was cut from $98,039 to $35,437. Funds were obtained from the sale of three properties and from a $57,847 payment on account of the promissory note of the subsidiary, Thrift Stores. The note, after this payment, totals $40,000.

Expect Profit This Year

Operating results since close of the fiscal year for Thrift Stores justifies the belief the current year's operations will show a satisfactory profit, according to R. H. Hommel, president. Stop & Shop is not at present obtaining revenue from the subsidiary, first preference stock of which is in arrears $8.93¾ per share. If the parent company was obtaining the revenue to which it is entitled on holdings of 7,003 first preferred and 6,000 second preferred stock, annual income would be increased by about $20,000.

Principal current source of income is from the rental of 30 Toronto stores to Dominion Stores Ltd. A smaller group of other properties is also rented.

Seek Revision Of Wage Rates

Montreal Tramways Employees Negotiating New Agreement

From Our Own Correspondent

MONTREAL. — Employees of Montreal Tramways Co., numbering about 3,300, are negotiating through their union with the company for various changes, chief of which is a demand for an increase in wages. Negotiations are now nearing a decisive stage.

Wage agreements between employees and the company were contracted for a three-year period on July 1, 1937, and have now expired. Steps toward a new pact were made on May 29, and it was believed that some settlement would be reached before the old agreement expired. Wage rates are continuing on old contract basis, awaiting reaching of new agreements, which are likely to be made retroactive to July 1.

The union is asking for wage increases averaging about 20% over existing levels, and for vacation of two weeks with pay for all workers.

Urge Scale

Conductors and motormen on two-man cars now receive 45 cents an hour in their first year; 50 cents an hour in the second; 55 cents an hour thereafter; while on one-man cars the pay is 5 cents an hour more than on two-man cars. Pay on Sundays and holidays is 5 cents an hour more. Autobus drivers receive 56 cents an hour for the first year and 60 cents an hour thereafter, with 5 cents additional for Sundays and holidays.

Revenue passengers carried by Montreal Tramways Co. in the three months ended June 30 increased to 54.7 millions from 52.4 millions in the corresponding period of the preceding year, an increase of 2.3 million passengers, or 4.29%.

In the six months ended June 30 revenue passengers totalled 112 millions, against 106.6 millions in the same period of last year, an increase of 5.3 millions, or 5%.

Board Suggests Bonus For Dosco Employees

From Our Own Correspondent

MONTREAL.—The Board of Conciliation, which investigated the dispute between Dominion Steel & Coal Corp. and its Sydney steel plant employees, recommends a bonus payment equal to 15 cents a shift of eight hours be made by the company. The bonus would be paid for a period of six months from the date of acceptance by both parties to the dispute.

Market Opinions

Stock market students are still looking to the war news to provide impetus for the next movement of stock prices.

Barron's, N.Y. (The Trader)—The twin market imponderables still remain, namely the course of the war between now and fall and the character of the pending excess profits tax. Cushions for war or tax disappointments are the billions of idle cash and the improved political outlook. If neither the war nor the tax bill proves so grim as now anticipated, the revulsion of sentiment in a world-wide inflationary era could conceivably carry stocks in time at least back to the ceiling represented by the level at which British selling comes into play. The longer persists the market stalemate, which is now entering its fourth week, the greater becomes the odds against defeatism.

* * *

The Annalist, New York—It seems probable that if the market had a good opportunity it would advance. Whether such an opportunity will be given it, however, is an entirely different question. If there is a large-scale German attack on England, the effect would be unfavorable. A peace between England and Germany would also be a shock, since it would mean the cancellation of British war orders. So that the news seems unlikely to be favorable.

* * *

Barron's N.Y. (The Dow Theorist)—There was nothing in the action of the averages to throw additional light on the current situation, as to either secondary or the minor trend. Under the principles of the Dow Theory, the major trend must be considered downward. Advance of both averages above their June highs, 123.86 in the industrials and 26.18 in the rails, would clearly establish the secondary trend as upward. Conversely, declines in both averages below their late June lows of 119.73 and 25.19 would suggest that a test of the May-June lows was in the making.

Of the London market, the same commentator says: At last week's high the industrials had recovered, in six trading days, 32.8% of their decline from their early April highs. The British rail average, meanwhile, had gained back 16.9% of its corresponding decline. Under the Dow theory, there is no indication that the bear market in London has ended.

* * *

Brookmire Counsellor, New York—At some stage, the stock market will again pay less attention to the war and more to domestic trends which are favorable earningswise. However, until such time as the questions of compromise peace or threatened air damage to England are resolved, the market may hesitate and no doubt be subjected to shocks from abroad. If nearby peace were to develop, the accompanying readjustments would be cushioned by our domestic defense programme. Though remaining alert to war developments and regardless of temporarily upsetting market movements, clients should maintain a recovery perspective and retain well-balanced holdings in dynamic American industries."

Acme Farmers Shows Profit

Contrasts With Big Loss in 1938-39—Milk Sales Are Up

Substantial improvement in earnings was shown by Acme Farmers Dairy Ltd., Toronto, for the year ended March 31, 1940, as compared with the 1938-39 fiscal year. A small net profit was shown, compared with a heavy loss in the previous year.

Sale of the Hamilton plant as of Dec. 31, 1939, is expected to have a favorable effect on operations during the current year, according to W. R. Aird, president. The plant was not a profitable unit, and was disposed of for about $100,000. Current position has been improved substantially, continues Mr. Aird, partially due to sale of the Hamilton property.

Volume of milk and cream sold again showed an increase during the year, the president adds. Higher prices obtained for butter throughout a greater part of the year, as compared with the previous 12 months, had a favorable effect on earnings. This was offset to a considerable degree, however, as higher butter prices had the effect of increasing cost of milk purchased for the supply of ice cream and fluid cream.

A substantial decrease in operating expenses is reported, in spite of the fact costs of supplies were increased during seven months of the year as a result of war conditions. Delivery equipment in particular was improved and efficiency of this service increased.

Mexican Light Prepares Plan

Proposals for Adjustment of Bonded Indebtedness Ready in Fall

"Much progress" has been made in preparing plans of reorganization for the Mexican Light & Power Co., according to Miller Lash, chairman. It is expected meetings of bond and debenture holders will be called during the fall.

Such meetings, it is understood, will consider proposals for extending maturity date of the 5% first mortgage bonds of Mexican Light, due Feb. 1 last, and the 5% first mortgage bonds of Mexican Electric Light, maturing in 1942.

Power shortages during 1939, as well as 1938, made it necessary to impose restrictions on customers, Mr. Lash reports, and 170 million kw.h. had to be generated by the Nonoalco steam plant. No restrictive measures have been necessary so far in 1940, he continues, but the steam plant was operated continuously up to the end of May. It was shut down when water was found to be available in reservoirs and the rainy season had started. Upon the intensity of these rains depends the amount that steam plant operation will be necessary in the 1940-41 season.

Regulations for the new federal law on electrical energy, which were expected to help reduce the stealing of current from company lines, have not yet been enforced. Generation of power for 1939, however, was about 84 million kw.h. less than in 1938, although sales for the two years were practically the same. This indicates there has been a very considerable decrease in stealing, according to Mr. Lash, due to the apprehension felt in some quarters concerning application of the new law. It is due partly, also, to progress being made in protection of the company's distribution network.

An increase in price of the Mexican peso since May 30 from 18½ to 22½ cents Canadian currency is advantageous for the company. It is not yet possible to define clearly cause for this rise, nor the likelihood of its permanence.

Sound Position is Outstanding Feature of Alliance of London Annual Report

●

ASSETS AS AT THE 31st DECEMBER 1939

Stocks, Bonds & Real Estate, etc.	$ 143,674,962
Mortgages & Loans	59,073,111
Agency & Sundry Balances	5,422,563
Cash in Bank and on hand	3,195,060
Interest, Dividends, etc. accrued	1,694,646
	$ 213,060,342

LIABILITIES

Life Assurance & Annuity Funds	$ 132,184,118
Reserve for unexpired Risks	9,764,810
Reserve for sundry liabilities	3,523,768
Reserve for claims under adjustment	7,961,120
	$ 153,433,816
Surplus to Policy Holders including paid up Capital of £1,000,000	59,626,526
	$ 213,060,342

($5 taken as equivalent to £1 sterling)

ALLIANCE ASSURANCE COMPANY LIMITED
OF LONDON, ENGLAND
ESTABLISHED 1824
Head Office for Canada: BARCLAY'S BANK BLDG., MONTREAL

Bond Markets

Corp. Bonds Favored Due to New Taxes

Investors Speculate on Possibility of Switch From Stocks to Bonds — Paper Issues Show Strength

Demand for corporation issues by bond investors is a probable result of the new excess profits tax.

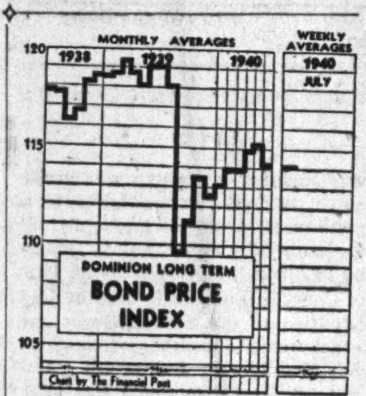
A switch from stocks to bonds is considered likely in view of the new taxation which in many cases sharply reduces earnings to be distributed in the form of dividends. Bond charges, on the other hand, rank prior to income and excess profits taxes.

Previously The Financial Post has discussed the trend from Government issues in favor of corporation bonds. This feeling persists and is viewed with even greater favor than a month or so ago.

Yield on corporation bonds, according to Wood, Gundy & Co., has been steadily rising since the first of May, when it stood at about 4.2%, to about 4.75% at the end of June. Yield on Government issues during the same period, on the other hand, advanced only about 0.05% to approximately 3.35%.

The market continues firm, with pulp and paper issues featured. Possibly the best recovery was shown by this group since the invasion of Scandinavia with prices generally higher. There was practically no change among Dominion and eastern provincial bonds, while western issues showed a tendency to strengthen.

* * *



Curb New Financing

Except for Quebec, some progress seems to have been made during the first six months of 1940 in the objective of provincial governments to restrict provincial financing during wartime. Total for all provinces but Quebec for the period was about $25.7 millions, compared with about $64.2 millions in the comparable period of 1939.

Quebec financing totalled $77 millions in the first six months of this year and $30 millions during the same period of 1939.

Included in the $25.7 millions figure was an issue of $21.3 millions of Ontario financing. This is sufficient to take care of that province's entire financial obligations to Dec. 31 next, according to Premier Hepburn.

* * *

Dominion Gets More

New Dominion financing for the first six months of 1940 at $605 millions is almost triple the 1939 figure of $204.5 millions. In 1938 the total was $238.5 millions. Primary factor in the increase was the $200 millions war loan in January.

Municipalities have made good progress in restricting new capital expenditures in wartime. Total new financing of Canadian municipalities during the period was $4.2 millions, compared with $19.1 millions for the same months of 1939 and $11.7 millions in 1938.

Quebec and Maritime municipalities were far in the lead, with new 1940 financing of $752,438 compared with $15.2 millions in 1939. Ontario municipalities also showed progress, reducing the figure by $1.1 million to $2.6 millions. Local grovernments of the western provinces showed an increase to $861,000 of new financing, compared with $142,000 in 1938.

* * *

Loan in U. S.

A prominent New York bond dealer, guest writing in a U. S. financial daily, discusses the exceptionally high yield on Canadian securities selling at New York.

He points out that demands on Canadian supply of U. S. dollar exchange for the purchase of war materials may become so large and urgent that some restrictions may have to be imposed upon the use of it for other than war purposes. He expresses the feeling the Foreign Exchange Control Board might have to suspend, temporarily, the provision of exchange for dividend payments, perhaps even of some interest payments.

The writer arrives at the conclusion previously mentioned in The Financial Post: That the Dominion Government could obtain loans in the United States to cover the possible deficits in the international exchange account between the two countries.

* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 114.3 for week ended July 4 was down 0.1 from the previous week. It was off 4.6 points from the same week of last year, and down 0.2 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week June 28-July 4	Preceding week June 21-27	Weekly average year ago
Price	114.3	114.4	118.9
Yield	73.1	73.0	67.3

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

Positions Wanted

EXECUTIVE ASSISTANT AVAILABLE

WIDE experience and training, office manager, sales, marketing, etc., desires career position with progressive firm. University graduate in Commerce, 30, married, personable, industrious, intelligent. Excellent references. Box 38, The Financial Post, Toronto.

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Bond Sales

Province of Sask.

Dominion Securities Corp., Wood, Gundy & Co. and syndicate has purchased $4,475,000 of Province of Saskatchewan bonds. The issue, bearing interest of 4%, sold at par and matures in two years. It is for refunding a similar amount which fell due July 1.

* * *

School Commission, Granby

Banque Canadienne Nationale and Savard, Hodgson & Co., have purchased from the School Commission of Granby, Que., $46,500 of 4% serial debentures, maturing 1941-60.

List of tenders follows:

Banque Canadienne Nationale Savard, Hodgson & Co.	96.34
Provincial Bank of Canada	96.10
Wood, Gundy & Co.	93.50

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
J. B. Stetson (Can.)	7%	1943	Aug. 1	103
Dom. Tel. Secs.	*5¼%	1978	Aug. 2	par
Riordon Pulp	6%	1942	Dec. 31	105

*For sinking fund purposes $4,700.

Bond Tenders

July 27—Vermilion Municipal Hospital District No. 2—$25,000; 6%, 20-installment debentures. F. J. Richardson, sec.-treas.

Foreign Exchange

During the week July 2 to July 8 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

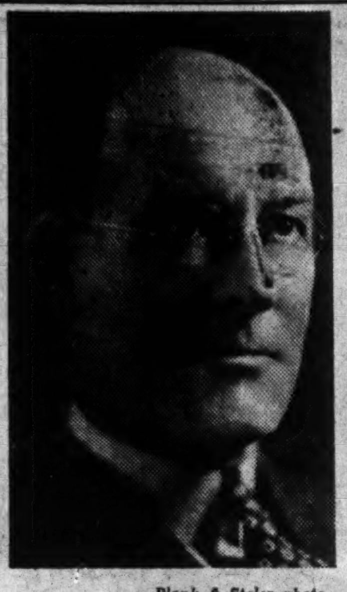
Other Currencies, July 8

Australia	3.58	N. Zealand	3.61
India	.3369	S. Africa	4.47
Japan	.2605	Hong Kong	.2812

Canada Iron Foundries Given War Contracts

From Our Own Correspondent

MONTREAL.—Included in recent list of contracts issued by the Department of Munitions and Supply are two orders to the value of $130,039 placed with Canada Iron Foundries Ltd. for machinery and allied supplies.



—Blank & Stoler photo.

DOING WAR WORK

H. G. Colebrook, Toronto, general merchandise manager of the Robert Simpson Co. and a member of the board of directors, has been appointed liaison officer in the Canadian Air Ministry between the Deputy Minister and the engineering and supply division. At one time Mr. Colebrook spent several years in England as manager of Simpson's London office.

Brazil Reduces Coffee Quotas

European War Shuts Off Markets — Brazilian Shareholders Affected

Brazil is taking further restrictive measures to prevent piling up of fresh surpluses of coffee. This is made necessary because of curtailed demand in Europe, resulting from the war.

The Brazilian Federal Government has decreed that each coffee producing state must give up 25% of its output on the 1940-41 crop which started to market on July 1. In return, the State will get two milreis (about 10 cents) per bag of 132 lb.

The Brazilian crop is estimated at 20.9 million bags and a 25% sacrifice quota would amount to 5.2 million bags.

Expect Export Drop

In the coffee year ended June 30, this year, exports were 15.6 million bags, compared with just over 16 million bags in the previous year. Curtailment of shipments by several million bags, however, is estimated for the current year because of the war in Europe.

As coffee continues to be Brazil's largest single export and an important influence on the supply of foreign exchange in that country, this report is of direct interest to shareholders of Brazilian Traction in Canada. Hints of this were given by the president at the recent annual meeting, at which he stated that plans earlier in the year to declare a dividend had been deferred when it was seen that the foreign trade position of Brazil was deteriorating.

Canadians Join Boeing Board

Expansion of Canadian Operations Under Way With Government Aid

From Our Own Correspondent

VANCOUVER. — Foreshadowing important expansion of Boeing Aircraft Company of Canada, the board of directors has been augmented by the addition of Major Austin C. Taylor, president of Bralorne Mines and a director of the Bank of Canada, and W. G. Sweny, managing director of Neon Products of Western Canada.

Other directors are Stanley Burke, president; P. G. Johnson, president of Boeing Aircraft of Seattle, the parent company, and Jay Morrison, another Boeing executive of Seattle.

It is understood that the Canadian Government will have a close association with Boeing in relation to its war orders, and that Ottawa has already advanced through its department of munitions and supply sufficient funds to carry out a building expansion programme on an important scale.

To Build Trainers

Boeing will build 100 trainer planes for the Royal Canadian Air Force, and it is expected that this will be merely a beginning of a new wartime construction programme. The company recently completed 16 Blackburn Shark light bombers for the R. C. A. F. Since then it has been concentrating on production of airplane spars fabricated from Sitka spruce lumber available only on the west coast.

Minimum E. P. Tax Applies To Trust and Loan Firms

Effect of the new excess profits tax on trust and loan companies will be less marked than on virtually all industrial and other financial groups of companies.

The margin of net profit will be reduced to some extent for trust and loan concerns as a result of the increased taxation, on the basis of 1939 earnings. But profits for companies shown on the accompanying table still will be sufficient to leave a reasonable margin between per share earnings and dividends. No attempt has been made to give a complete list but rather a select list representative of the whole.

Four of the six companies analyzed had 1939 earnings in excess of the average for the four base years ending in 1939. But in no case was profit sufficiently high for companies to be taxed on the basis of 75% of all profits in excess of the four-year average, as is the case usually with other company groups. All of the trust and loan group shown will be taxed on the basis of 30% of profits, before taxes.

Chartered Trust and Royal Trust showed lower profits in 1939 than for the four-year average. In the case of the former, per share earnings are reduced by 97 cents to $6.83. This still leaves a comfortable margin for the dividend requirements of $5 per share. If earnings are maintained at the level of recent years, there will still be a comfortable margin left after paying dividends at the current rate.

Royal Trust earnings under the new taxes are reduced by $1.24 per share to $4.31 on the basis of 1939 earnings. This leaves a margin of 31 cents per share after dividends.

Slightly Higher

Each of the four other companies show slightly higher earnings in 1939 than in the four base years. National Trust profits of $365,142 are about $7,000 higher than the four-year average. Earnings on the basis of new taxes are reduced by 53 cents per share to $8.52, leaving a margin of 52 cents per share after dividends.

Sterling Trusts 1939 earnings of $37,907 are about $5,500 higher than the four-year average. Per share earnings are reduced by 83 cents per share to $3.32, leaving a margin of 32 cents per share after dividends.

Toronto General Trusts earnings of $307,104 in 1939 are about $20,000 higher than the four-year average, but still low enough to be included in the ruling of 30% of taxes. Per share earnings are reduced by 90 cents per share to $7.17, leaving a margin of $3.17 per share after dividends.

Trusts & Guarantee earnings of $100,754 in 1939 were about $5,000 higher than the four-year average. Taxes on the basis of 30% of earnings reduce per share earnings by 30 cents to $2.77, leaving a margin of 77 cents per share after dividends.

Effect of Excess Profits Tax on Trust & Loan Companies

	PROFITS								
	Before Taxes		After Taxes 1939		Amt. of Taxation 1939		Per Share Earns. 1939 After Taxes		
	4-yr. aver. $	1939 $	Actual $	*New basis $	Actual $	*New basis $	Actual $	*New basis $	Curr. divid. rate $
Chartered Trust	101,179	97,539	78,039	68,277	19,500	29,262	7.80	6.83	5.00
National Trust	358,489	365,142	271,454	255,599	93,688	109,543	9.05	8.52	8.00
Royal Trust	628,535	615,807	454,502	431,065	161,305	184,742	4.55	4.31	4.00
Sterling Trusts	32,413	37,907	33,173	26,535	4,734	11,372	4.15	3.32	3.00
Toronto Gen. Tr.	287,529	307,104	242,104	214,973	65,000	92,131	8.07	7.17	4.00
Trusts & Guar.	95,852	100,754	78,243	70,528	22,511	30,226	3.07	2.77	2.00

*Actual Dominion and provincial taxes in 1939, plus estimated amount for increase in Dominion tax under new excess profits tax. All the companies listed are liable for excess profits tax on 30% of net profits before taxes, instead of the alternative basis of 75% of earnings in excess of the four-year average.

S.E.C. Reduces M. & O. Value

On Basis of Earnings Consolidated Properties Worth $25.2 Millions

On an earnings basis, maximum valuation of properties of Minnesota & Ontario Paper Co. and its subsidiaries is $25.2 millions according to the report of the U. S. Securities & Exchange Commission, Washington, on the reorganization proposals. These proposals were reviewed in The Financial Post last week and follow lines advocated by the trustees for the company in their amended plan. The S.E.C. valuation compares with $74 millions book value.

The S.E.C. uses a 10% basis for capitalizing earnings in place of the 8% basis proposed by the trustees whose bid estimated the current value at about $40 millions.

No value is assigned to timber limits while the Insulite Company of Finland is valued at $1. M. & O. equity in its subsidiary, National Pole & Treating Co., is said to be worth only the value of the claim of National Pole & Treating against M. & O. This claim is calculated at $401,285. Goodwill of the Insulite Co. (Minnesota) is valued at $500,000.

No value is assigned to newsprint contracts. Credits are not given by the S.E.C. for mortgaged timber cut nor for rentals from Insulite Co.

Bonds Get 72.59% Stock

Under the S.E.C. approved plan, bondholders would get 72.59% of the new stock. The S.E.C. valuation basis gives a maximum of 80.768% of the new stock to bondholders but it finds that the trustees' figure of 72.59% is not unreasonable.

A provision in the trustees' plan permitting directors of the new company to defer interest payments on account of insufficient working capital is eliminated by the S.E.C. In its place a proposal to allow interest to be deferred only if foreign exchange restrictions prevent transfer of necessary funds is advocated.

It is recommended that five directors be elected from nominees of bondholders and two from nominees of unsecured creditors. Initial term of directors would not exceed two years.

Under the S.E.C. plan, bondholders would get 50% of their principal in new 5% income mortgage bonds, plus 40 shares of new common for each $1,000 bond held. A public hearing on this plan is scheduled for July 15 in Minneapolis courts.

Municipal Reports

Dartmouth, N.S.

Net debenture debt of Dartmouth, N.S., at Dec. 31, last, of $855,666 represented an increase of about $118,000 from a year previous. Bank loans and other liabilities also increased, while total assets at nearly $1.6 million represented an increase of over $400,000.

Surplus of $4,336 was reported for the year, compared with $506 in 1938. Tax arrears were reduced slightly.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Current revenue	233,622	219,892
Current expenditure	229,288	219,486
Taxable assess.	5,112,695	5,073,495
Exemp. not incl.	1,889,950	1,865,650
Total tax arrears	101,723	105,980
Tax reserve	22,511	22,132
Curr. tax levy	190,192	194,823
Curr tax arrears	57,209	60,183
Tax rate (mills)	37.20	37.50
Assets and Liabilities		
Total assets	1,556,664	1,120,368
Total deb. debt	1,403,300	1,197,100
Total sink. fund	547,634	459,358
Bank loans	96,203	87,915
Other liabilities	27,566	8,725

Fort William, Ont.

Net debenture debt of Fort William, Ont., at Dec. 31, last, totalled $3 millions, down about $130,000 from a year previous. Sinking fund arrears at $48,454 were cut in half, while bank loans at $246,502 were reduced over $120,000. Total assets at $10.3 millions were off almost $1.2 million.

Surplus of $26,634 was reported for the year, compared with a balance in 1938. Total tax arrears increased.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Current revenue	1,539,689	*1,630,000
Current expenditure	1,513,056	*1,630,000
Taxable assess.	28,473,298	29,362,453
Exemp. not incl.	3,402,150	3,382,847
Total tax arrears	246,409	227,702
Curr. tax levy	1,301,547	1,258,823
Curr. tax arrears	122,479	138,494
Tax sale lands	711,949	708,795
Tax reserve	145,000	135,000

*Estimated.

	1939 $	1938 $
Assets and Liabilities		
Total assets	10,326,658	11,500,000
Total deb. debt	6,338,953	6,898,817
Total sink. fund	3,302,319	3,732,853
Sink. fund arrears	48,454	94,814
Bank loans	246,502	367,484

St. Hyacinthe, Que.

Net debenture debt of St. Hyacinthe, Que., at Dec. 31, last, totalled nearly $1.7 million, down about $360,000 from a year previous. Other liabilities were also reduced.

Surplus of $9,063 was reported for the year, compared with $4,388 in 1938. Tax arrears were reduced.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Current revenue	474,255	486,978
Current expenditure	465,192	482,590
Taxable assess.	14,214,470	14,307,970
Exemp. not incl.	2,809,425	2,918,800
Total tax arrears	51,519	56,451
Curr. tax levy	202,827	205,963
Curr. tax arears	26,303	28,337
Tax rate: General	.45	.45
Special	.25	.25
Assets and Liabilities		
Total assets	3,442,383	3,890,721
Total deb. debt	1,762,498	2,087,170
Total sink. fund	61,614	66,139
Other liabilities	224,836	264,140

Victoria, B.C.

Net debenture debt of Victoria, B.C., at $13.4 millions on Dec. 31, last, is down slightly or $90,000 from a year previous. Other liabilities of $159,207 are off about $33,000.

Surplus of $162,332 for 1939 compares with $107,277 in the previous year. Tax arrears are down.

	1940	1939
Tax rate (mills)	40	41

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Revenue	1,979,446	2,046,949
Expenditure	1,817,111	1,939,672
Taxable assess.	46,545,728	45,378,282
Exemp. not incl.	21,042,500	20,947,920
Total tax arrears	452,075	499,608
Curr. tax levy	1,546,769	1,613,658
Curr. tax arrears	254,660	263,975
Assets and Liabilities		
Total assets	19,149,216	19,047,029
Total deb. debt	13,734,474	14,034,417
Debt retire. fund*	304,848	494,632
Other liabilities	59,207	92,179
Bonds guaranteed	53,000	53,000

* Trustees—Funds on hand and for refunding expenses.

Moose Jaw, Sask.

Net debenture debt of Moose Jaw, Sask., at $2.7 millions on Dec. 31, last, is down about $445,000 from a year previous. Total assets increased by nearly $2 millions to almost $17.7 millions. Bank loans at $237,000 are up $150,000, while other liabilities at $7.7 millions are down about $4.5 millions.

Surplus of $24,000 is reported for the year, compared with about $69,000 in 1938. Tax arrears at $685,000 are down $180,000.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Revenue	891,919	938,378
Expenditure	867,839	869,356
Taxable assess.	14,618,725	15,064,615
Exemp. not incl.	8,723,650	8,490,480
Total tax arrears	685,000	865,355
Curr. tax levy	774,093	781,136
Curr. tax arrears	99,880	111,032
Tax rate (mills)	49.50	48.35
Assets and Liabilities		
Total assets	17,663,525	15,768,525
Total deb. debt	5,878,470	5,835,801
Total sink. fund	3,149,943	2,664,574
Sinking fund arr.	138,953	20,494
Bank loans	237,000	87,000
Other liabilities	7,748,372	12,182,125

Woodstock, Ont.

Net debenture debt of Woodstock, Ont., at $710,848 on Dec. 31, last, is up about $168,500 from a year previous. Total assets at $1 million increased $147,000.

Deficit of $9,963 for 1939 compared with a surplus of $9,532 in 1938.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Revenue	366,201	373,751
Expenditure	396,184	384,219
Taxable assess.	7,336,877	7,466,795
Total tax arrears	62,280	62,797
Curr. tax levy	366,922	310,834
Curr. tax arrears	25,249	*

* Not available.

	1939 $	1938 $
Assets and Liabilities		
Total assets	1,008,494	861,401
Total deb. debt	819,840	694,832
Total sink. fund	106,098	[illegible]

Plan Approved For Sorel

New Bonds to Bear 4% Interest — Accrued Interest to be Paid

Plan of reorganization for Sorel, Que., has been approved by bondholders. The town has been under jurisdiction of the Quebec Municipal Commission since default of obligations totalling $110,000 due June 1, 1939. Total debenture debt is $1.3 million.

The plan provides for bondholders to receive, in exchange for present holdings, new bonds bearing interest at 4% per annum, dated May 1, 1940, maturing about eight years later than those now held. Old bonds carried interest at from 4% to 6%. Accrued interest to May 1, 1940, will be paid at the current rate. The Quebec Municipal Commission will supervise the exchange of the bonds as well as general execution of the agreement.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

GALT, ONT.

Galt is the eighth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

So well are the finances of Galt, Ont., regarded that it was able to sell its last debenture issue in 1938 on an average cost basis to the city of 3.19%. This issue was in 20-year installment debentures carrying a coupon of 3½%.

Galt's finances have shown a remarkable stability. Tax collections have been maintained at an unusually high level. Debenture debt has been progressively reduced. In 1935 net debenture debt was $125.84 per capita By the end of 1939 it had been cut to $28.65, a reduction of 37.5%. At the same rate of reduction even the relatively small debt existing now will be reduced to even a smaller amount in the next few years.

Assessments values have risen since 1936, enabling the city to impose a relatively stable mill rate. In 1935 the tax rate was 42 mills. In 1939 it was 40 mills.

City council is elected for a term of two years.

Statistical Picture

	1939	1938	1937	1936	1935
Population	14,286	14,219	14,410	14,119	13,958
Assessment (in $000's)	11,270	11,101	11,016	10,926	11,153
Assessment per capita $	783.86	780.73	764.48	773.83	799.06
Tax mill rate	40	39.5	40.5	42	42
Tax collections:					
Current collections to curr. levy %	90.35	90.06	90.29	89.84	98.05
Current & arrears to curr. levy %	100.01	99.72	101.41	102.59	102.23
Gross deb. debt (in $000's)	1,949	2,086	2,205	2,311	2,547
Less: Sinking fund	825	784	750	734	791
Net debenture debt	1,124	1,302	1,455	1,577	1,756
Net deb. debt per capita $	78.65	91.55	100.98	111.70	125.84
Other liabilities	21,753	12,419	4,603	51,876	42,047
Relief exp. funded	nil	nil	nil	nil	nil
Relief exp. met out of curr. rev. $	15,153	17,484	11,895	23,270	37,471

Last Debenture Issue

Sold in 1938—$38,925 of 20-year installment 3½% debentures at 102.80, on cost basis to the city of 3.19%.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Granby School C'mission, P.Q.	July	Savard, Hodgson & Co.	4%	1941-60	$46,500	96.34	.....
Provincial—							
Saskatchewan	July	Dominion Securities, Wood, Gundy & Co., and Syndicate	4%	2 yrs.	4,475,000	100	4%

Stock Trading Decline Severe

Stock Exchange Records Show Effect of Serious War News

Both volume and value of shares traded on the Toronto Stock Exchange in June were sharply lower than in previous months. Share volume was 3.2 millions, compared with 9.6 millions in May and 7.7 million shares in June of 1939.

Value of transactions at $8.6 millions was far below the $22.7 of May this year and also well under the $18.6 millions of June, 1939.

For the first six months of 1940, 45.1 million shares have been traded on the Toronto exchange, compared with 68.3 in the same half of 1939. Value of transactions is down to $87.4 millions this year compared with $148.1 millions a year ago.

Total value of all shares listed on the exchange at the end of June this year was $3,426.6 millions, a decline of $110 millions from May, 1940, and approximately $1,000 millions below the end of June, 1939.

Montreal Sales

Value of transactions on the Montreal Stock Exchange and the Montreal Curb Market for June totalled $6,000,469, a decrease of $9.2 millions from last month's total of $15.2 millions.

The current figure compares with $12.4 millions in June, 1939, and is the lowest since compilations were started.

Directors of War

Drafting men of special abilities from Canadian industry, financial institutions, the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

The Dominion Cabinet has been reorganized. Special advisers in vital branches of industry and supply have been appointed. Many war boards have been created.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post in the next few weeks will publish a series of articles, of which the following is the first.

Inner War Cabinet

Supreme war powers are in the hands of an inner committee of the Cabinet usually called the War Cabinet, but officially described as the War Committee of the Privy Council.

The war committee embraces key portfolios, and any changes in the ministry may change the membership of the inner war council. Members at present are:

Prime Minister, Rt. Hon. W. L. Mackenzie King. He exercises final and co-ordinating control over all phases of Canada's war effort.

Minister Without Portfolio, Hon. Raoul Dandurand. As Government Leader in the Senate, he acts as liaison officer between that body and the Cabinet, and gives it the benefit of the views and counsel of the Upper House.

Minister of Finance, Hon. J. L. Ilsley. Finance, foreign exchange, banking and taxation is his special responsibility. The mediums of war controls in this field are the Bank of Canada and the Foreign Exchange Control Board.

Minister of Justice, Rt. Hon. Ernest Lapointe. He has become, since the war, virtually a minister of internal security, with new duties arising from the Defense of Canada Regulation and control of enemy aliens, "fifth columnists," and other disloyal and subversive elements.

Minister of Munitions and Supply, Hon. C. D. Howe. With wide powers granted him by the Government, he heads a special new department through which all purchases of war materials are channeled.

Minister of Mines and Resources, Hon. T. A. Crerar. In addition to watching over production of gold, base metals and other needed supplies, Mr. Crerar has handled movement of refugees to Canada, and early in the war went to England to establish contact with the British Cabinet.

Minister of National Defense, Hon. J. L. Ralston.

Minister of National Defense for Air, Hon. C. G. Power.

Minister of National Defense for Naval Affairs, Hon. Angus Macdonald.

Mr. Ralston will have primary responsibility for the land forces and defense generally, and Mr. Power, as associated Minister of National Defense for Air, will direct the R.C.A.F. and the Empire Air Training Plan. Mr. Macdonald, former Premier of Nova Scotia, will be associated with the other ministers of defense in special charge of naval equipment and personnel. Any one of the three can act for all the departments in absence of his colleagues, though matters affecting two or three departments will usually be handled by Mr. Ralston.

Minister of National War Services, Hon. J. G. Gardiner. He now heads a new government department created to co-ordinate and use the volunteer war services and carry out the forthcoming national registration of the civil population.

Economic Advisory Committee

The Economic Advisory Committee acts in an advisory capacity to the War Cabinet, especially on economic problems and means of strengthening domestic and economic resources; and to co-ordinate the work of the various governmental war boards.

Members of the Economic Advisory Committee are:

W. C. Clark, Deputy Minister of Finance, chairman.

Graham F. Towers, Governor of the Bank of Canada.

H. D. Scully, Commissioner of Customs and Steel Controller of the Wartime Industries Control Board.

H. B. McKinnon, Chairman of the Tariff Board and Chairman of Wartime Prices and Trade Board.

G. S. H. Barton, Deputy Minister of Agriculture.

Charles Camsell, Deputy Minister of Mines and Resources.

L. D. Wilgress, Director, Commercial Intelligence Service.

R. H. Coats, Dominion Statistician.

Lieut-Col. H. DesRosiers, Acting Associate Deputy Minister of National Defense.

N. A. Robertson, Department of External Affairs.

W. M. Dickson, Deputy Minister of Labor (H. Hereford, Commissioner of Unemployment Relief acts in his stead on matters of unemployment relief).

R. B. Bryce, Department of Finance, secretary of the committee.

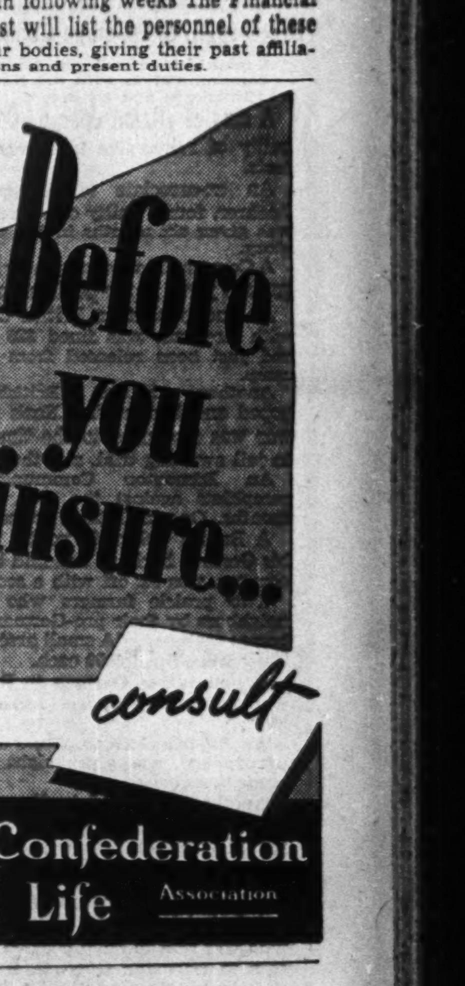
War Boards & Controls

A number of special boards, controls and other special war organizations have been set up to handle particular phases of the war effort and conditions affecting it. The principal war bodies of this nature are listed below with the ministers responsible for their administration.

- **Minister of Munitions and Supply**
  - Department of Munitions and Supply
  - Wartime Industries Control Board
  - Wartime Prices and Trade Board.
- **Minister of Agriculture**
  - Bacon Board
  - Dairy Products Board
  - Agricultural Supplies Board.
- **Minister of Finance**
  - Foreign Exchange Control Board.
- **Secretary of State**
  - Custodian of Enemy Property
  - Censorship of Co-ordination Committee
  - War Charities Act Administrator.
- **Minister of National War Services**
  - Voluntary Service Registration
- **Minister of Trade and Commerce**
  - Canadian Shipping Board
  - Inventions Board.
- **Minister of Justice**
  - Enemy Alien Control
- **Minister of Transport**
  - Transport Controller.

* * *

In following weeks The Financial Post will list the personnel of these war bodies, giving their past affiliations and present duties.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Tues., July 16th . . $49 Thur., July 18th . . $37
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GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, JULY 13, 1940

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Post believes the situation demands:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Reorganization of war department and appointment of one supreme authority, competent to plan, determine and programme our war needs.*
3. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
4. *Fullest co-operation and co-ordination—military, industrial and financial—with the United States as well as with Great Britain.*
5. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*

We'll Have to Get Tough

Penalties for treachery and aiding the enemy are to be increased. It is right that that should be done. Canada has been much too easy on those who would destroy the state that gives them freedom.

But it is not only treason that requires attention. Here are some sample penalties recently meted out in Canada to those who have sought to sabotage Canada's war effort:

> A man in Montreal who boasted that he was in communication with the Nazis and Fascists was fined $50 and costs.
>
> A service station operator in Sarnia, found guilty of subversive talk, was fined $10 and costs.
>
> An ex-associate of Arcand, the Fascist Fuehrer, found guilty of subversive language, was given six months in the Ontario reformatory.
>
> A Communist who cut power lines in Ontario got two years in the penitentiary.
>
> An enemy alien in British Columbia, found with firearms, was fined $25 and costs. He had just been released from an internment camp.
>
> Another young man in British Columbia who hoped and boasted the Nazis would win the war was sentenced to the time he had spent in jail awaiting trial, and then let off.
>
> An Edmonton Communist, circulating pamphlets against the war, was given six months. One in Ontario got seven months.
>
> A British Columbia youth, who boasted of his German heritage and said he stood by that country, was let off with a scolding.
>
> Two prairie farmers who annoyed their neighbors by their pro-German talk had their homes searched. "A small arsenal" was found. They were fined $100 each.
>
> A naturalized German in British Columbia who tried to discourage recruiting was fined $50.
>
> An Alberta German, found distributing Nazi propaganda, was given eight months imprisonment.
>
> Another who tried to discourage recruiting was given six months.
>
> A Smiths Falls man, who said he would lead the parade when Hitler came to his town, got three months. A man in Noranda who spoke similar sentiments was fined $50.
>
> A Saskatchewan woman, German by descent, who was said to have boasted of her relationship to Hermann Goering, was fined $25 for making statements favoring the Nazi cause.

Each of these cases was reported since the first of June.

Most people will agree that the sentences were ridiculously light.

What would have happened to these people in Germany if they had been guilty of similar offenses? Some of them would have been shot; some given life imprisonment. All would have been severely punished.

Few reports come out of Germany now of penalties for offenses against the State. But here are some recent sentences in the Bohemia-Moravia, which is theoretically a free country although actually a Nazi protectorate:

> A man who stuck up what the Gestapo called treasonable posters got 10 years.
>
> Another who distributed leaflets was given three years.
>
> A man who repeated news heard on a foreign broadcast was sentenced to six years.
>
> A Czech who distributed "anti-German" badges was sentenced to two and one half years.

These sentences were all light, compared with others that have been reported.

Germans who listen to foreign broadcasts get 5 to 10 years in prison. For repeating something heard in a broadcast, they are apt to be shot. For hoarding currency they can go to prison for life and for hoarding a little extra food they can be and often are shot.

The French people now come under these decrees. All Frenchmen have been ordered to turn in their radios. If they don't obey they have been told ominously that the Gestapo will deal with them in an effective way that will ensure that they will never again be able to disobey a Nazi law. In Holland, listening to a foreign broadcast can now be punished by the Gestapo with forfeiture of all property.

In Canada we do not need to hang every man who carelessly repeats idle gossip. Nor need we shoot every alien found with an air-gun. But somewhere between our present leniency and the harsh rigidities of the German practice lies a happy medium.

In brief, we shall have to start getting "tough" with people who undermine our war effort. The war is too serious a matter to be fooled with.

A Few Get Hurt Most

The leader of the opposition at Ottawa, R. B. Hanson, K.C., distinguished himself by his contribution to the budget debate. His address was friendly and constructive. It was calculated to promote an acceptance by the Canadian people of the financial sacrifices necessary if we are to win the war.

Yet, in an address that completely avoided captious or political criticism, Mr. Hanson was able to make some worthy suggestions.

He strongly urged that the Government should cut down its ordinary expenditures and asked also that provincial and municipal governments make up their minds to take less from the taxpayers. As an example of peacetime extravagance that continues despite the terrible financial burden of the war, Mr. Hanson cited the $12-$15 millions Montreal terminal. "The Montreal terminal seems to be sacrosanct . . . To me its continuation is a shocking thing."

The Conservative leader called attention to a fact previously stressed in The Financial Post; that this is not a budget of national sacrifice but a budget that rests most heavily upon a limited number of middle-class people. He estimated at 22,000 (those in the income brackets between $6,000 and $50,000) the number of people who are called upon to make real sacrifices; their income taxes go up four times.

"Is there anywhere else in this budget any sacrifice comparable with the tax imposed upon this comparatively small element in our population?" asked Mr. Hanson, adding:

> "These people will pay; make no mistake about that. They will, of course, have to adjust themselves to new conditions of life to meet these new burdens laid upon them, while the great mass of the people will be able to pursue their normal manner of living with little or no interruption."

These words speak a great truth. The next war budget will have to spread the burden of sacrifice a little farther if it is to be a just one.

Needed: A Boss Bricklayer

"If you want to have brick laid, the best way is still to get bricklayers to do it, and let them mix their own mortar."

So says The Nation's Business, Washington.

The editor of that paper was speaking of getting results in the United States defense programme.

The same comment applies to Canada, Arming Canada is an industrial job. An industrialist should be in executive command of the task.

The Minister of Munitions and Supply has enlisted a great many good industrial bricklayers to help him; but he needs a boss bricklayer who knows how to get the most out of Canadian industry.

Not Seekers After Charity

Here is a letter from the London Times:

> "I am an old woman over 72 years and I am only too willing and ready to start for Canada at once if only arrangements were made for me and many others equally old and yet physically fit and in good health and active. We must, however, be allowed to pay for our keep in Canada and have our monthly remittances sent to Canada. It is useless to be allowed to start off with only £10 in pocket, as at present allowed by the British Government."

Let us face facts squarely. For long, precious months the British financial authorities hoarded their supplies of gold and foreign exchange instead of investing them in the mobilization of Canadian and American industry for war production. The result was that when Hitler struck, Britain was not ready.

Someone, whether Sir John Simon or Montagu Norman, sat on the lid of the cash-box. In doing so, he served Britain ill.

Now Britain is declining to release foreign exchange to enable people in Britain, who are well able to pay for their keep—or their children's keep—in Canada, to do so.

Evacuation of old folks and children to Canada is a definite part of Britain's defense programme and should be so regarded. There will be fewer mouths to feed, less space needed on vessels bringing supplies into Britain, less exchange needed to pay for these supplies. This exchange saving should be used to permit evacuees to transfer funds from Britain to Canada.

Hundreds of our war guests came here for safety, not for charity. But they are being humiliated by the action of their government in refusing them the means to maintain themselves here out of funds they have in Britain.

Unemployment Insurance

There seems to be a general impression abroad that the Rowell-Sirois Report on Dominion-Provincial Relations was wholeheartedly in favor of a scheme of unemployment insurance for Canada.

This is not the case.

The commission were unequivocally of the view that if Canada were to have unemployment insurance it should be handled as a federal rather than a provincial responsibility. They pointed out that any other course would be quite inconsistent with one of their major recommendations, namely, that provision for the employable employed should become a Dominion responsibility.

But they were at some pains to point to the inherent shortcomings of unemployment insurance in Canada. The nearest they come to supporting such a programme is to admit that in spite of all the considerations "there is probably a balance of advantage in favor of unemployment insurance and we may expect the Dominion to make some experiments in this field."

• • •

The "considerations" discussed by the Commissioners were two in number.

First, the Commission stressed that no system of unemployment insurance will take care of all the unemployed at all times.

Reference was made to a study undertaken by the Commission through the Department of Labor. On the basis of an insurance plan such as the discarded Bennett legislation of 1935, it was found that in September, 1937, only 14 per cent of the persons on relief in 10 chief cities (covering 60 to 65% of those in receipt of aid) would have been cared for by insurance benefits.

A year later, the proportion which would have been looked after by the Bennett scheme (assuming, of course, that it was then fully operative) would have been only 18%.

In effect, something between 80 and 90% of Canada's urban relief problem would still have remained to be cared for from the public purse, even had the Bennett unemployment insurance plan been fully operative at that time.

Next, the Commissioners warned that unemployment insurance premiums would in essence tax those in safe employment for the benefit of those in exposed positions

At a time when every resource of the nation is needed for the overwhelming task of winning the war, the creation of a vast civil service bureaucracy and the diversion of tens of millions of public and private funds in an untried venture of this kind is incomprehensible.

The avowed purpose of setting up a post-war savings cushion for wage earners could be much more effectively met by getting every man-jack of Canada's industrial army to contribute a share of his or her earnings to war savings certificates along the lines of the plan proposed recently by the Canadian Manufacturers' Association.

Editorials in Brief

From a Washington dispatch in the New York Times:

> "Even the Lee-Enfield rifles left over from the World War, which were offered to the Canadian Government just before this war began and refused, and which a few weeks ago were being represented as available to the Allies, are now being conserved."

It would be interesting to know if Ottawa has made any effort to get hold of these rifles at any time since the war began.

• • •

There is something to be said for the American cabinet system. It permitted President Roosevelt to go out and select the two men he most wanted for his Navy and Army ministers.

The men had to be approved by the Senate. But they did not have to belong to any party. They did not have to run for Congress. They do not have to spend long hours each day listening to speeches and answering questions in a legislative chamber.

• • •

Premier Aberhart of Alberta is fond of protesting his patriotism on every occasion. If he means it, then there are several ways he can help along the war effort, argues the Calgary Herald with telling force.

It calls on the premier to put the province on a wartime basis of economy; to clean out unnecessary employees; to close up expensive and useless treasury branches.

• • •

Dalhousie University has an Institute of Public Affairs which publishes very useful volumes from time to time, dealing authoritatively with public problems. One of its publications is "Public Affairs," a small quarterly, edited by Prof. L. Richter. The current issue is devoted to a number of articles on Canada's war efforts on the home front.

It is not only a creditable issue but a most valuable one.

The Canadian Editorial of the Week

Airplanes Needed

Windsor Star

It will cost from $10,000,000 to $15,000,000 as an initial investment, but it would be money well spent if Canada put up the cash for the development of a warplane industry right away.

Although planes are being made in the Dominion, we need to strive toward a peak production that will give us some thousands of planes per year. An entire new plant would have to be built and the Dominion would probably have to guarantee the initial capital investment.

This should have been started when the war began, or even sooner. But the war is 10 months old and still the initiative has to be taken. We are surely not going to wait until Hitler opens the door before we do anything about it. Hon. J. L. Ralston said in his budget address that Hitler is hammering at the gates. We should hear the sound of that hammering and let it spur us on to getting warplane production developed to a far greater pitch than it is.

There is talk of a long war and getting around to doing these things eventually. But, we were caught napping by preparing for a long war through the winter. We have to drop all these ideas of a long war and get down to the fundamental fact that we cannot afford to lose a minute.

Warplanes are of such importance, everyone realizes we must have them, and have them in quantity production as soon as possible. The way to reach that goal is to get busy making them.

Sayings of the Week . . .

"National unity is in a very real and deep sense the fundamental safeguard of all democracy."—*Franklin D. Roosevelt.*

• • •

"The right to grumble is almost traditional with the British race, who do it supremely well. It is a mark of freedom, as compared with Germany, where grumbling is quite likely to land you in a concentration camp."—*Viscount Halifax.*

• • •

"The 1920 treaty-makers put all their money on making Germany too weak to be dangerous, and omitted to make the new nations of Europe strong enough to stand alone if Germany should revive."—*Sir Walter Layton.*

• • •

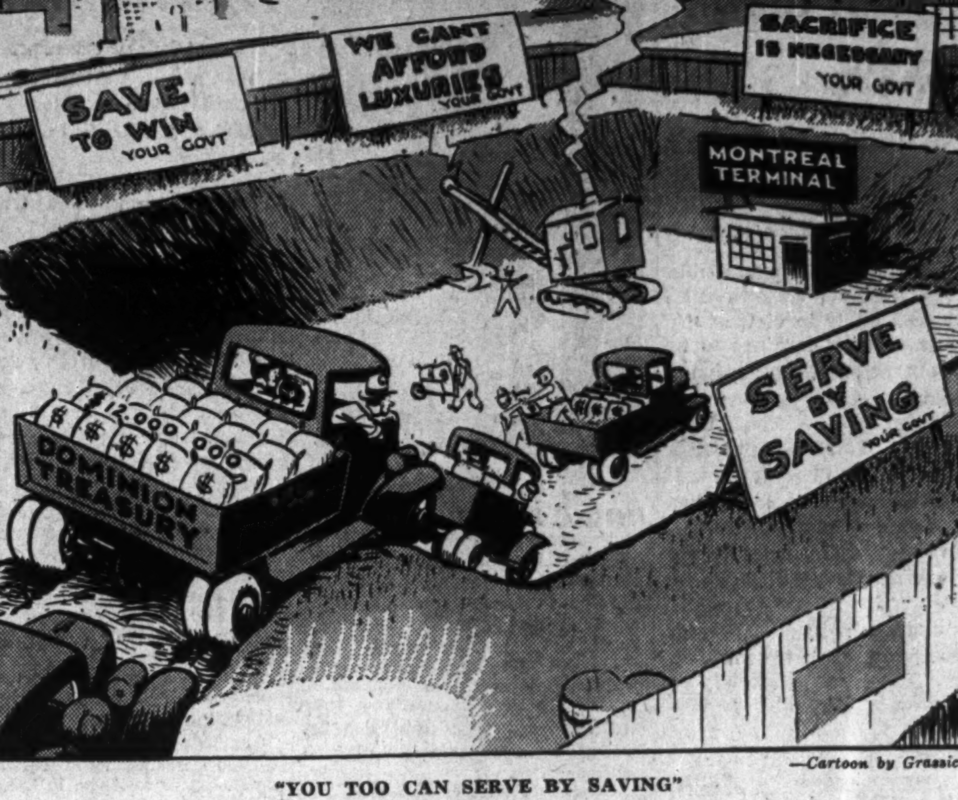
"There may be some dark days ahead, but no 'dark age.'"—*Ida M. Tarbell.*

• • •

"Never did the face of Germany assume so villainous or vile an aspect as under the leadership of this little gang of blood-stained, money-making murderers."—*Alfred Duff Cooper.*

• • •

"We have been complacent instead of vigilant."—*Walter P. Zeller, president, Zeller's Limited.*


SAVE TO WIN YOUR GOV'T
WE CAN'T AFFORD LUXURIES YOUR GOV'T
SACRIFICE IS NECESSARY YOUR GOV'T
MONTREAL TERMINAL
$12,000,000
DOMINION TREASURY
SERVE BY SAVING YOUR GOV'T

—Cartoon by Grassick.

"YOU TOO CAN SERVE BY SAVING"

Post-Scripts . . . .

President Bongard

One method which the Toronto Stock Exchange uses to good advantage in gaining public recognition of its work is to conduct various parties through the Exchange, giving present and prospective customers a better understanding of the stock business. Last winter the different banks in Toronto organized groups of their staffs for such tours.

G. R. BONGARD

When it came the turn for the Bank of Nova Scotia to visit the exchange building, the president, who would normally accompany the group and explain the exchange's work, was not available. The vice-president was Gordon R. Bongard, to whom making speeches and addressing groups of one to two hundred people such as this was something entirely new. With a considerable amount of trepidation exchange officials asked Mr. Bongard to do the honors on this occasion.

The result was more than gratifying. Exchange officials now claim that they have this year, when Mr. Bongard is president, a man who is far better than the average in representing the exchange publicly.

Those who have known Gordon Bongard may be surprised at his ability to express himself in public and take an active part in running the exchange and setting its policies. For Gordon Bongard has always been a retiring individual who shunned the public view.

• • •

Born in Toronto in 1899, Mr. Bongard was educated at University of Toronto Schools and the Royal Military College. Service with the artillery overseas resulted in injuries from poison gas which have bothered him ever since.

Returning from overseas, he graduated from the University of Toronto in chemical engineering. He then joined his father in what is now the firm of Bongard & Co., originally established in 1912. He first became a member of the exchange in 1925 and of the managing committee in 1929. Since then he has held every position as an officer. His war injuries have made it necessary for Gordon Bongard to conserve his energies for his work, limiting any outside activities.

His vision of the stock exchange business of the future is far from black. He feels that the war will be over sooner than many think, perhaps by the end of this year, and in such a way that Canada can go ahead to a position not dreamed of even a few years ago. He is a believer in the possibilities of this country and holds that it will become even more attractive to people living in other countries than it is now. Canada, he feels, will see a flood of immigrants which will enable selection of the most desirable races and individuals. The result will be a prosperity in this country in which the stock business will share.

Speculation, he says, has for centuries been the means by which new ideas have been developed from their small initial stages to large new industries. To satisfy this ingrained desire to speculate, the stock exchange will continue to exist. He does not, however, deny that changes in organization of the country, both economically and politically, will not result. But this will be a gradual process, not a dramatic revolution.

Tool-Hunter

As Canada's co-ordinator and distributor of all machinery tools it will be Thomas Arnold's duty to see that lathes are screaming in every factory capable of producing armaments and munitions.

What the nation can produce in munitions and war equipment will be a great surprise to many Canadians, Mr. Arnold believes.

But before the limit can be accomplished there are formidable tasks ahead. Instead of being tooled and ready to swing into production, Canadian industry is now busily establishing and tuning up plants that might have been turning out quantities of munitions months ago had they been given the opportunity.

So the job that must be done first is to provide tools and machinery for production. With United States and Britain engaged in their own armament programmes, obtaining these teeth for the jaws of production presents great difficulty.

• • •

To force this bottleneck the Dominion Government has set up an independent organization named the Citadel Merchandising Corp.

At the head of a group of experienced and capable $1-a-year men in the organization is Thomas Arnold, who has spent a lifetime in the railway equipment business.

At the outbreak of war Thomas Arnold, realizing what his experience would mean to a nation producing munitions, offered his services without remuneration to the Dominion Government.

He was commissioned by the Government to launch this non-profit-making organization and on May 30, with one accountant on the staff, he got under way. In the past month the organization has been working at top speed to co-ordinate and cooperate with Canadian manufacturers and anticipate their tool requirements.

In the last Great War Thomas Arnold was associated with Montreal Ammunition Co. in producing shell cases. The problems which he faces are well known to him and his associates.

He is confident that Canada can do all that is expected of her and that the run-down machine tool business can be revived and dearth of tool and die-makers overcome. Like other industrialists he believes that the potentialities of Canadian production have only been scratched.

• • •

Thomas Arnold came to Canada as a youngster from Scotland in 1871. He was educated in Montreal and Quebec. He left school to enter the railway equipment business and became a partner with his father-in-law in the firm of Taylor and Arnold Ltd.

Mr. Arnold has substantial interests in varying industrial spheres. He is chairman of Manitoba Steel Foundries; director of Algoma Steel Corp. and chairman of Commercial Alcohols Ltd. For five years he represented Canadian bondholders of Lake Superior Corp. in reorganization proceedings.

He is better known to the Montreal man on the street for other reasons than his extensive business connections. As part owner and director of the old Montreal Maroons professional hockey team he followed the rise and fall of this colorful organization. He is honorary president of the Quebec Lawn Tennis Association, and on the executive of the Canadian Lawn Tennis Association.

• • •

Wing Commander Malone

Unless the war interferes, it is probable that two years from now Wing Commander J. C. Malone, K.C., of Regina, will hold the presidential chair of the Canadian Manufacturers' Association.

The C. M. A. believes in a regular, orderly line of succession. The men who work up through its councils to positions of first and second vice-presidents invariably are promoted in direct succession to the top.

Thus it can be taken for granted that Louis L. Lang (who moved up to the first vice-presidency at the annual meeting at Winnipeg the other day) will next year succeed Harold Crabtree as president. At the same meeting J. C. Malone was appointed second vice-president. His subsequent promotion seems also assured—barring war's interference.

• • •

Mr. Malone is a Peel County (Ontario) lad, 43 years of age, who came to Regina with his parents as a boy of 13. After high school and university education in the West he was studying law when war broke out in 1914. He went overseas as a gunner. Returning to England from the army of occupation in Germany he resumed law studies at the Inns of Court in London. In 1920 he was admitted to the Saskatchewan bar and became a member of the firm of McKinnon, Rutherford and Malone. The firm name was later changed to Tingley, Malone and Deis.

Though still a lawyer with K.C. attached to his name, Mr. Malone's chief interest in recent years has been the brewing industry. He is vice-president and managing director of Regina Breweries Limited. He is also president of the Saskatchewan Brewers Association and immediate past president of the western Canada Brewers Organization.

• • •

In 1935 he was chairman of the Regina Branch of the C. M. A., and the following year chairman of the Saskatchewan branch. Subsequently he has moved up through the ranks to the chairmanship of the Prairie division.

Because of official duties in connection with the British Commonwealth Air Training Scheme, Mr. Malone was unable to attend the meeting at Winnipeg. Since the inception of the Regina Flying Club, Mr. Malone has been a vice-president. He was honorary wing commander of No. 120 Bomber Squadron, R.C.A.F., prior to going on active service last September as Wing Commander under the Air Training Programme.

The mayor of Regina is Mr. Malone's father-in-law.

• • •

"Billy," the General

Several newspapers have reprinted the Winnipeg Free Press's editorial picture of Canada's new Inspector-General of C.A.S.F. units in western Canada. But for those who may have missed it we are happy to give extracts here.

The new Inspector General is, of course, Major-General the Hon. William A. Griesbach, C.B., C.M.G., D.S.O. (with bar), V.D., K.C., member of the Senate of Canada, veteran of the South African War, veteran of the Great War.

—Blank and Stoller.
GENERAL GRIESBACH

Says the Free Press:

"Billy Griesbach belongs to the West. He was born, raised, educated in it, and has lived in it except when at war overseas or at war at the sessions of Parliament. The election defeats he suffered in his political career would have ruined his reputation if he had ever sustained them in the field of battle. He has an unbridled habit of saying what he believes, and what he believes is sometimes as wrong as his statement is emphatic, but because of this frankness his political associates were known to declare that they could elect him if only he would keep out of the election.

"In the field of military science he has adhered to beliefs with complete indifference to claims that he was wrong, which often had to be reversed long afterward. Major-General Griesbach is what is termed 'every inch a soldier,' and none admits that more willingly than the troops who served under him under fire. But he is not the soldier of the text book. He believes that the best Canadian soldier is the soldier who is first the citizen. He said so at the outset of this war, and events have transpired to show how right he was.

"Billy Griesbach's career in the war was nearly shattered because he openly condemned the Ross rifle as a weapon in the field, and did not shirk from ordering his men to arm themselves with the Enfield whenever they could get hold of them. He was in cavalry, trained only in cavalry drill and tactics, when he was given command of an infantry battalion to go overseas. Wiseacres shuddered at how the cavalryman would mess up the infantry. But it was the personal praise bestowed by Lord Kitchener at his inspection of the Canadian troops in England that won for the 49th the coveted honor of inclusion as a unit in the Canadian Corps in France.

"Major-General Griesbach's job is now, in a sense, to jack up the troops. He is to see that the training and the equipment given the Active Service Force units in western Canada are adequate to the requirements for which those troops are enlisted. He is a great little jacker-up. His head bears resemblance to a shaven Caesar, yet it carries an inexhaustible fund of witty stories. He has a powerful voice of command, but with creamy smoothness insists on addressing men far older than himself as 'My dear boy.' He learned warfare as it is no longer fought. He learned his warfare when it was mostly gained on the parade ground and the drill square. He ditched that when he was one of the most ingenious of commanders in France. And he is still capable of forgetting what he learned in France to be able to master the mechanical technique of a war combining the aircraft and the tank.

"No officer cared to look smarter in the old-style uniform than did Brigadier-General Griesbach commanding a brigade in France. None will look any smarter or more workmanlike when he dons the battle-dress of this war."

In the Mail . . .

More Canadian Troops Needed

Editor, The Financial Post:

In the current issue of the Montreal Gazette is an editorial headed "What is the Obstacle?" It deals with delays at Ottawa and is a good article. There is, however, one suggestion made in it which shows the writer to be under a strange misconception of the true state of affairs. The writer suggests that Major-General MacNaughton should be brought back to Canada because "he is not needed under present conditions in England and it is unlikely that he will be needed for many months."

My husband is with the 1st Canadian Division and is working with little or no sleep, sometimes for 36 hours at a time. From that it will be seen that the 1st Division is being used and is needed in England.

Since the collapse of France there has been a widespread idea that Canadian troops will not be needed in Britain. Such statements have not emanated from Britain where they are calling up every available man and have repeatedly mentioned the difficulty of carrying on key industries with so much of their manpower under arms.

We should send troops and more troops, for it is in Britain that the war will be won or lost. If Britain falls the feeble attempts we are making or can make at defense will avail us nothing, nor can the U. S. defend us.

Canadians want to do their utmost to help in the war but those who are in the driver's seat have their feet on the brake.

May I ask that your paper will do all it can to insist that troops be sent to England and the civilian population removed to safety here?

Canada has offered to take 10,000 children but parents in Britain are besieging the offices which arrange for the evacuation of children. We should take all who want to come. I offered to equip a home to be used as a clearing house in a town of 25,000 in Ontario but I was told that it wasn't necessary as the allotment per population would make 40 children for that town and county in which it is.

Our efforts in Canada aren't good enough.

SUBSCRIBER.

Montreal.

As Others See Us . . . .

Alberta Member Shows His Quality

Ottawa Journal

Mr. Norman Jacques, Social Credit member of the House of Commons for Wetaskiwin, made this statement in the budget debate:

> "I do say that the so-called freedom of the press is nothing but the freedom of the oldest profession on earth—the freedom to prostitute itself to the highest bidder."

It is rather a dreadful thought that to some extent the future of this country should be in the hands of a man of the mentality revealed in these quoted words.

From his wholesale condemnation of the Canadian press Mr. Jacques makes three exceptions—an Ottawa daily, two western weeklies. These are, of course, papers which have gone overboard for "social credit."

To the Jacques type of mind, arrogant, bound and ungenerous, it is inconceivable that those who disagree with him should be honest in their convictions, and so we have his opinion, expressed on his responsibility as a member of Parliament, that with these three exceptions all the newspapers of Canada are journalistic prostitutes, their views for sale "to the highest bidder." That list includes The Ottawa Journal, and such papers as the Winnipeg Free Press, the Vancouver Province, all the Southam newspapers except one, all the Toronto and Montreal and Halifax newspapers, the Financial Post—all the dailies and weeklies with the three exceptions noted.

The Journal readily concedes to Mr. Jacques his right to hold such opinions as he chooses, no matter how extravagant, even to the advocacy of social credit. It would not occur to us to call him hard and disgraceful names on that account. But apparently it is too much to expect of him equal consideration for those with other views. The true fanatic invariably suffers from the conviction that what he believes is ultimate truth and that those who disagree are monsters of iniquity—and there are better places for fanatics than the Parliament of Canada.

Stop Me If . . . .

Wyndham Robinson in The London Star is responsible for an amusing cartoon on parachute troops.

A parachute trooper dressed in the national costume of Welsh women has just descended. A fiery little man, carrying a shotgun (he looks like Lloyd George), confronts the disguised German and says: "Welsh, you tell me? Then say Dwygyfylchi!"

Week in Business

War Production Gives Business Momentum

Increased Volume of Both Canadian and British Orders Stimulates Nearly all Classes of Industry — Tourist Trade Falls Off

War orders continue to play an increasingly important part in the Canadian business situation. In the latest week for which statistics are available, contracts for war supplies with a total value of $6.2 millions were placed. These included all sorts of goods from food and clothing to machinery and ordnance supplies, affecting practically all classes of industry.

British orders are stated to be increasing. Belief that the United States will to some extent devote its productive capacity to its own needs is expected to mean a larger proportion of British contracts for Canada.

Organization of a number of Government owned corporations to expedite supply or manufacture of war supplies, such as the Citadel Merchandising Co., Federal Aircraft Ltd. and Allies Supplies Ltd., and taking over the work of the British War Supply Board by Canadian interests, is expected to speed up production of war materials considerably.

* * *

Construction work continues to expand. In the various camps where men are being concentrated, army huts are being erected. Warehouses for storing airplane supplies and equipment under the Empire air training plan are also being constructed in large number. Housing of the civilian population at some of the concentration points is said to have become a problem.

Employment generally continues to improve and the number of people on relief is decreasing. Employment on June 1 is estimated at the best level for any year in the record except 1929.

General trade is active. Builders' supplies, paint and hardware are in good demand as are groceries and meats. Automobile accessories and repair parts are moving well and there is a good demand for greases, oils, etc.

* * *

Tourist trade, however, recently has failed to realize the hopes of many that early July would see a marked improvement. Apparently United States border regulations are making many United States citizens afraid of not being able to get back to their own country after visiting Canada. German propaganda regarding Canadian wartime restriction is also held responsible for reducing tourist trade.

Carloadings continue to reflect greater distribution of goods. For the week ended June 29 total carloadings at 56,796 were 16,013 greater than in the corresponding week last year. Much of the increase was in loadings of general merchandise although grain loadings also were heavier.

Crop conditions across Canada on the whole continue favorable. In western Canada the moisture situation is fair but damage from grasshoppers in some sections has occurred.

Business Indicators

Current business holding up well, with D. B. S. index of business activity for week ended June 29 slightly above last year.

Carloadings for week ended June 29 about 29% above last year. Total for year to date up 17%.

Rubber imports in May slightly under May, 1939. Total for five months 52% higher.

Hog sales in June up over 50% over last year.

Railway gross earnings for last 10 days of June higher than year ago for both roads. Total for year to date 29% and 22% above 1939 for C. N. R. and C. P. R. respectively.

Flour production up 8% in May. Cumulative for five months 14% higher.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ■.

TREND OF BUSINESS—	June 29	June 22	June 15	June 8	July 1/39
Weekly index of business, D.B.S.	104.2	104.4	104.3	103.1	103.4
Commodity prices index no.	81.6	81.5	81.8	81.9	73.3
	May	Apr.	Mar.	Feb.	Year Ago
The Financial Post business index	°136.2	133.5	129.5	132.9	116.3
■Retail sales index no.	89.0	86.9	83.7	84.5	80.9
Dept. store sales index no.	82.8	84.6	76.6	82.8	75.2
■Wholesale sales index no.	127.0	107.5	97.1	92.3	106.1
■Country store (% change pr. yr.)	+8.5	+6.8	+8.8	+12.5	—2.8
EMPLOYMENT Index No's., D.B.S.	June 1	May 1	Apr. 1	Mar. 1	Year Ago
■All industries	120.9	114.3	111.9	113.5	113.1
■Manufacturing	129.2	125.7	123.4	122.6	111.4
■Wage earners, no. 000's	....	...	2,353	2,304	2,186
Living costs weekly budget	....	$17.85	$17.76	$17.75	$17.02
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
■Carloadings (week June 29)	56,796	40,783	1,299,933	1,110,952	+17.0
■C.N.R. gross (week June 30) $	6,550,140	4,816,629	113,681,551	87,681,530	+29.6
■C.P.R gross (week June 30) $	4,729,000	3,215,000	75,386,000	61,807,000	+21.9
C.N.R. net revenue (May) $	3,511,934	1,473,034	10,638,876	•493,321	.....
C.P.R. net revenue (May) $	2,464,383	1,906,955	9,712,951	4,288,025	+126.5
IRON AND STEEL—(May)—					
Pig iron production (tons)	93,254	67,746	460,971	243,716	+89.3
Steel ingots and castings prod. (tons)	174,417	121,413	792,033	472,239	+67.7
AUTOMOBILES—(Number)—					
Passenger Cars:					
■Domestic sales* . (May)	16,579	14,334	57,004	45,889	+24.2
Factory output ... (May)	12.677	11,585	63,547	59,383	+7.0
Trucks and Buses:					
■Domestic sales* .. (May)	3,961	3,503	14,066	11,136	+26.8
Factory output ... (May)	8,600	4,121	29,435	19,857	+48.3
Exports .... (May)	4,276	5,496	19,594	28,717	—31.8
Financing:					
Used .... (May) $	5,410,156	4,832,390	16,394,063	13,970,786	+18.3
New .... (May) $	5,089,575	4,515,982	15,788,322	12,371,257	+27.6
CONSTRUCTION—					
Contracts awarded . (June) $	39,097,000	25,196,300	125,435,500	83,445,900	+50.3
Cement prod., bbls. (Mar.)	252,000	209,000	647,345	442,917	+46.2
AGRICULTURE—					
■Flour prod., bbls. .. (May)	1,282,906	1,191,778	6,397,334	5,634,476	+13.5
Flour exp., bbls. ... (May)	722,595	513,778	3,242,698	1,822,109	+77.9
Wheat exp., bush. . (May)	23,466,320	13,655,266	54,132,175	36,676,451	+47.6
■Cattle sales▲ ...... (June)	72,661	66,012	449,560	455,161	—1.2
■Hog sales▲ .... (June)	324,187	206,611	2,323,432	1,583,816	+46.7
SEA FISHERIES—‡					
Catch cwts. .... (May)	1,007,600	999,300	3,935,650	2,897,950	+35.8
Landed value ..... (May) $	1,713,000	1,818,400	4,546,200	3,813,850	+19.3
NEWSPRINT—					
Production, tons ... (May)	323,563	250,015	1,326,644	1,100,519	+20.5
Exports, tons ...... (May)	301,209	244.399	1,184,488	970,462	+22.0
MINING AND OILS—					
Coal prod., tons ... (Apr.)	1,252,190	912,327	5,801,463	4,589,174	+26.4
Coal imports, tons . (Apr.)	595,297	264,520	1,940,612	1,701,083	+14.0
Gold prod., fine oz. (Mar.)	428,962	414,217	1,258,708	1,216,508	+3.4
Crude oil prod., bbl. (Mar.)	370,100	385,300	1,712,559	1,276,666	+34.1
Crude oil imp., bbl. (Apr.)	1,324,857	1,291,714	6,373,543	6,110,074	+4.3
ELECTRIC POWER OUTPUT—(May)—					
Total monthly, 1,000 kw.h.'s	2,671,567	2,333,443	12,389,620	11,498,715	+7.7
FOREIGN TRADE—♦					
■Imports .... (May)	100,536,837	72,957,808	405,395,950	257,369,917	+57.5
Exports .... (May)	110,763.709	80,774,128	442,089,435	330,896,542	+33.6
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (May)	160,223	165,539	739,828	724,003	+2.1
Shoes, prod., pr. ... (Apr.)	2,186,128	1,774,578	8,781,974	7,360,581	+19.3
Cotton imports, lb. .. (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.2
■Raw rubber imp., lb. (May)	6,699,666	6,733,998	38,312,225	25,199,737	+52.0
Cigarette cons. No.† (May)	808,275	625,868	3,125,320	2,635,322	+18.6
■Sugar manufactured .. lb.§	101,509,859	94,105,028	383,849,627	301,950,913	+27.3
FINANCE—					
Bank debits† .... (May) $	3,339,595	2,839,207	14,320,105	12,302,222	+16.4
■Bond sales† .... (June) $	40,593	105,458	1,139,218	799,570	+42.5
Life insurance sales (May) $	31,779,000	30,123,000	159,838,000	146,159,000	+9.3

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to June 15, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Final.
▲Total at yards and plants. •Deficit.
New items for week marked ■

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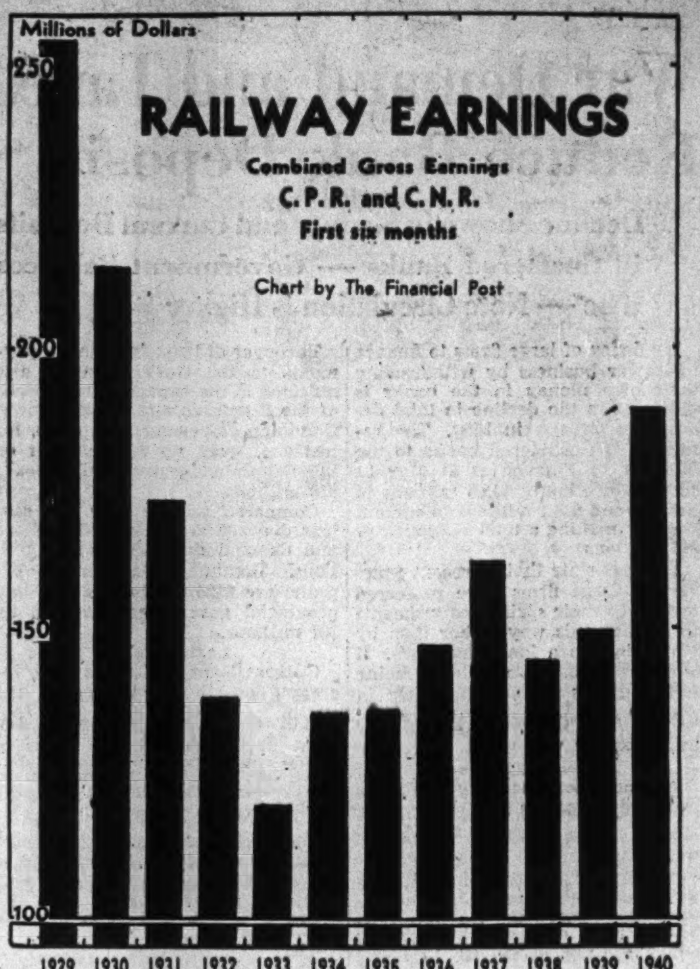

Combined Rail Earnings At 10 Year Record Peak

From Our Own Correspondent

MONTREAL. — Combined gross earnings of Canadian Pacific Railway and Canadian National Railways in the first half of the current year reached the highest level since 1939, totalling $189.1 millions. This was $26.5% higher than the corresponding earnings figure for the first half of last year, amounting to $149.5 millions. In 1930 first half combined gross earnings were $214 millions. This was approximately $40 millions below the 1929 high.

C.N.R. gross earnings for the six month period amounted to $113.7 millions, against $87.6 millions in the same period of the previous year, an increase of 29%. Gross earnings of C.P.R. amounted to $75.4 millions an increase of $13.5 millions or $22% over the same period of the previous year.

Both railways record exceptionally sharp increases in gross earnings for the month of June. Canadian National Railways showed a gain of $7.1 millions, or 46% to $22.4 millions. Canadian Pacific Railway had a gross of $14.2 millions, an increase of $3.8 millions, or $37.3% over June in the preceding year.

Combined gross earnings for June amounted to $36.5 millions, an increase of 43%.

Following are comparative gross earnings figures for the two railway systems and the combined figures for the first half of the year:

Canadian Pacific

	$		$
1940	75,386,000	1934	57,210,680
1939	61,807,844	1933	50,723,494
1938	61,287,528	1932	58,045,299
1937	66,790,260	1931	72,310,337
1936	62,044,346	1930	89,002,373
1935	56,528,624	1929	108,095,047

Canadian National

1940	113,681,551	1934	79,496,747
1939	87,681,530	1933	67,474,871
1938	82,759,559	1932	80,169,488
1937	94,996,314	1931	100,948,902
1936	85,461,428	1930	125,013,043
1935	80,143,322	1929	146,223,773

Combined

1940	189,067,551	1934	136,707,427
1939	149,489,374	1933	118,198,365
1938	144,047,087	1932	138,214,787
1937	161,786,574	1931	173,259,239
1936	147,505,774	1930	214,013,416
1935	136,671,946	1929	254,318,820

Dom. Revenue Rises by 37%

Wide Increases in Receipts and Disbursements in June Reported

Revenue of the Dominion Government rose $11.8 millions or nearly 37% in June to $43.6 millions, while expenditure increased by $24.4 millions to $72.3 millions.

All departments with the exception of the Post Office showed considerable revenue increases during the month.

The substantial increase in expenditure was almost entirely accounted for by vast increases in war and defense costs. These disbursements were $35.8 millions greater than in the same month last year.

Government enterprises cost the Dominion $8.6 millions less than in June, 1939. Operations of Canadian National Railways have shown wide improvement in the past six months, and the Government-owned road is expected to show marked reduction in losses in the current year.

Ordinary expenditures, exclusive of war and defense expenditure, dropped $448,000 in June.

In the first three months of the year to June, Dominion revenue rose $54.4 millions, or nearly 33% over the same period last year. Total disbursements for the three months were up $47.9 millions.

War and defense costs were greater by $66.8 millions for the period. Expenditure on C.N.R. and other government-owned enterprises were down $17.3 millions in the year to June 30.

Following are comparative receipts and disbursements in June and the three months period:

Revenue and Expenditure
— June —

	1940	1939	Change
	——000's of Dollars——		
Receipts:			
Customs duties ..	10,725	6,952	+3,773
Excise duty	6,881	4,765	+2,116
Excise, sales tax .	16,467	12,199	+4,268
Income tax	5,697	4,143	+1,554
Post office	2,700	2,702	—2
Sundry	1,179	1,135	+44
Total revenue ...	43,649	31,896	+11,753
Disbursements:			
Ordinary	23,253	23,701	—448
Capital	229	431	—202
Defense and war	39,833	4,022	+36,811
Relief grants	2,438	4,685	—2,247
Govt. enterprises.	7,581	16,134	—8,553
Miscellaneous ...	7	....	+7
Total expenditure	73,341	48,973	+24,368

Three Months Ended June 30

Receipts:			
Customs duties ..	31,636	20,096	+11,540
Excise duties ...	21,310	13,197	+8,113
Excise, sales tax .	39,588	29,386	+10,202
Income tax	117,789	93,710	+24,079
Post office	8,205	7,905	+300
Sundry	3,133	2,950	+183
Total revenue ...	221,661	167,244	+54,417
Disbursements:			
Ordinary	87,328	85,886	+1,442
Capital	369	531	—162
Relief works	2,961	6,056	—3,095
War and defense .	73,921	7,089	+66,832
Govt. enterprises.	11,331	28,628	—17,297
Miscellaneous	131	....	+131
Total expenditure	176,041	128,190	+47,851

Hayes Steel Considers 3-for-1 Stock Split

Shareholders of Hayes Steel Products are meeting on July 19, 1940, to approve a by-law giving effect to a 3 for 1 split on the common shares. At the same time, authority will be asked to increase share capital from the present 30,000 common shares to 150,000 after the split.

The company recently redeemed the balance of its preferred shares.

Save Huge Sum By Travel Ban

Conserve $100 Millions Foreign Exchange Keeping Canadians Home

From Our Own Correspondent

OTTAWA. — Passport difficulties and action by the Foreign Exchange Control Board to deny permits to take funds into the United States for pleasure purposes may combine to save Canada $100 millions in foreign exchange this year, though the inconvenience suffered by thousands of persons who planned holidays in the U. S. may bring sharp criticism on the Government.

The passport difficulty may be blamed entirely upon the U. S. State Department, which imposed the requirement of passports on all persons entering that country, without notifying Canada and apparently without thought of injuring friendly relations with Canada.

Decision to refuse to allow Canadian funds to be spent in the U. S. for pleasure was apparently taken upon the excuse furnished by American action, although the advantage of seeking to keep Canadian money at home during the war has been a basic principle in foreign exchange control since it was instituted.

Tourist Trade Hit

Public reaction in the U. S. to the passport regulation was seen immediately in curtailment of tourist traffic into Canada, apparently because many people thought that Canada also required passports from American visitors. Expectations that the American tourist business would boom this year, yielding possibly $300 millions in exchange that could be turned to war purchases in the U. S., will not be realized. Officials admit this, while they strive in every way to encourage tourists to come north.

Passport Demands Slacken

Following announcement at Washington that all persons entering from Canada and other states which enjoyed comparative freedom of access, passport officials in Ottawa were swamped with applications from all parts of Canada. An estimated 100,000 applications were received, and machinery for issuing them fell far behind. The demand began to fall off as soon as the restrictions on funds for pleasure travel went into effect.

To provide passport facilities throughout Canada, the department of external affairs opened offices this week at Toronto, Winnipeg, Vancouver, Montreal and St. Stephen, with another office at Moncton to be opened shortly.

Under the new ruling regarding foreign exchange, all applications for funds, except for business, education, health and emergencies, must be referred to the foreign exchange control board. Discretion in issuing funds will remain, as before, with the bank branches. Hitherto any person wishing to travel outside Canada could obtain $1,000 in funds at the rate of $110 for $100.

BARCLAY'S BANK DIVIDEND

Barclay's Bank Ltd., London, has declared interim dividends for the first six months of 1940 at the rate of 10% per annum on the A shares and 14% per annum on the B and C shares. These are the dividend rates paid for many years by Barclay's Bank Ltd.

Keeping Posted . . .

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

An Ottawa men's wear dealer quite properly insists that his salesmen shall measure up to customers' expectations. "I like a salesman," he is quoted as saying, in Men's Wear Merchandising for July, "who takes an interest and a pride in his personal appearance — a man who is clothes conscious. He always makes the best salesman. I expect my salesmen to be well dressed, to keep themselves physically fit so that they can exhibit enthusiasm and personality at all times; to devote a portion of their time to familiarizing themselves with all angles of the business; and above all to know the goods they are selling."

Men's Wear Merchandising goes on to say: "Salesmen working in a retail store can elevate or lower the standards of the entire trade. There is a tendency to overlook the importance of personnel in selling men's attire."

A salesman or a saleswoman is, in a manner of speaking, a packaged product, meaning that the package should be made pleasing, in respect of its appearance, to the consumer. It is well established that what is pleasingly packaged sells by reason of its attractive covering or container.

* * *

Tooling Engineers

Three alliterative words, "Manufacturing," "Maintenance" and "Management," placed below its title, define the character and purpose of Canadian Machinery and Manufacturing News. This publication, always important in relation to Canadian manufacturing industry, has a very fat issue for June—a total of 214 pages. Quite obviously it is most highly regarded by advertisers making machinery, tools, and allied equipment. This June issue has been used by 208 firms to advertise what they make or provide.

An article which held my interest has as its title, "Key Factor in Production is Tool Engineer"—this because it suggests a vocation by no means overcrowded. The tool engineer is now regarded as having professional status — a development fostered by the American Society of Tool Engineers, of which professional society almost 500 tooling specialists in the United States and Canada are members.

The tool-making industry just now is booming. "In these days," says Guy P. Hubbard, writing in Canadian Machinery and Manufacturing News, "when machine tools are extremely difficult to obtain, it is necessary as never before to squeeze out of every existing machine every bit of efficiency in it. Only through the ministrations of tool engineers is this possible." And the same writer says: "Recognition of tool engineering as a profession by those engaged in it is an important first step toward winning widespread understanding of and respect for a peculiarly North American form of technical activity."

Engineering as a vocation is becoming increasingly attractive to young men—which is good to know.

* * *

An Aircraft School

In Galt, Ontario, is a school where the students are not of the white-collar description, though, undoubtedly they wear collars—and overalls. It is a school for the training of young men in the aircraft industry—a school for apprentices. Here approximately 200 youths are trained every six months. Students are trained in wireless telegraphy, airframe construction, mechanical transport, machine shop practice, sheet metal work, armorer fitting, in welding and aero engines. The student chooses the patricular field to study which appeals most to him.

Quite a full account of the Galt School is given in Canadian Aviation for May, and parents and their sons who are interested in the sort of instruction to be obtained at Galt should get this issue.

The students are under a certain degree of military discipline. They are provided with a living allowance while in training, and are billeted in Galt.

* * *

Paint Is Salesman

"If you want to sell paint, you must use paint—must set others an example personally." So says a dealer in paint, as reported in the General Merchant of Canada. This paint dealer took over an old established business in 1929, and ever since he has been renovating and redecorating his premises—this continuously, and this faithful brightening of his store, inside and out, has made him and his store magnetic in the sense that customers have been attracted and held in loyalty. This retailer has not spent so much on remodelling his premises as on maintaining their good appearance. He has not felt called upon to make substantial capital expenditures on his store. His policy is to spend something every year on renovation and decoration—a practice to be commended to all retailers.

Montreal Firms Share Profits With Employees

From Our Own Correspondent

MONTREAL. — Several firms in this area, more especially those who have been booking large war orders, are reported to be sharing their newfound prosperity with their employees. This situation appears to apply largely to companies which in the past few years have not been particularly prosperous and for that reason have had their staffs on reduced pay. Now with operations on a much larger scale, part of the increased earnings is going to the employees who "stood by the ship" in lean years.

One large engineering firm in the Montreal district has recently paid a bonus to its office staff which, since the depression, has been on "short rations."

A machinery firm is reported to be making so much money that it has been paying bonuses every month to all employees; bonuses in some cases said to be equivalent to salary paid.

Another firm is said to have notified its employees that this year it will pay all holiday expenses. Still another which, in the past few years, has required its salesmen to purchase their own cars, has notified the staff that in future it will supply the cars.

Ottawa Light, Heat Cuts Capital Stock

MONTREAL.—Ottawa Light, Heat and Power Co. has received supplementary letters patent dated June 19, reducing paid-up capital of the company with respect to common shares, from $3,498,500 to $2,598,500. Number of shares outstanding remains the same.

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The Chairman Said . . .

"In BRITAIN, the impact of War conditions has caused many inevitable adjustments. Despite all difficulties, our business, however, has been well maintained and our organization has readily adapted itself to the changed conditions.

"Our interests in the UNITED STATES OF AMERICA provide a welcome element of stability in our accounts and it is gratifying to know that our prestige there stands as high as ever.

"In CANADA, in Australia and New Zealand, in South Africa and in India, we enjoy the advantage of conditions less acutely disturbed than in Britain."

(At 95th Annual General Meeting of Royal Insurance Co. Ltd., May, 1940).

As of December 31st, 1939

UNITED STATES RESOURCES

	Admitted Assets	Surplus to Policy-holders
American & Foreign Insurance Co.	$6,204,713	$4,954,369
British & Foreign Marine Ins. Co. Ltd.	2,838,020	2,147,840
Capital Fire Ins. Co. of California	2,154,032	1,808,014
Eagle Indemnity Company	8,474,379	2,500,000
Federal Union Insurance Co.	3,090,920	2,129,835
Globe Indemnity Company	41,290,480	10,000,000
Liverpool & London & Globe Ins. Co. Ltd.	18,251,422	8,434,029
Newark Fire Insurance Company	10,214,764	6,879,119
Queen Insurance Co. of America	23,553,515	14,261,831
Royal Indemnity Company	34,075,071	7,500,000
Royal Insurance Co. Ltd.	21,915,986	11,431,821
Seaboard Insurance Company	1,469,812	1,122,418
Star Insurance Co. of America	5,788,885	3,159,449
Thames & Mersey Marine Ins. Co. Ltd.	1,485,183	884,430

CANADIAN RESOURCES

	Admitted Assets	Surplus to Policy-holders
Central Insurance Co. Ltd.	$ 181,572	$ 94,631
Globe Indemnity Co. of Canada	1,104,051	523,563
Hudson Bay Insurance Company	760,092	640,261
Liverpool & London & Globe Ins. Co. Ltd.	1,507,300	723,719
Liverpool-Manitoba Assurance Co.	1,367,188	1,171,107
National-Liverpool Insurance Co.	428,698	338,558
Newark Fire Insurance Company	312,178	217,348
Pioneer Insurance Company	451,565	384,593
Queen Insurance Co. of America	1,166,609	806,027
Royal Insurance Company Ltd.	2,411,104	923,306

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Both in number of policyholders and amount of business written, these figures reflect the remarkable growth of Northwestern Mutual. Today more people buy mutual fire insurance from Northwestern than from any other company!

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NORTHWESTERN MUTUAL FIRE ASSOCIATION
Toronto, Hamilton, Ottawa, Halifax, Quebec City, Montreal, Moncton, Winnipeg, Saskatoon, Edmonton, Calgary, Penticton, Victoria, Nanaimo, Vancouver.

Life Insurance

What Happened in Germany

Facts Show That Even There a Percentage of Each Policy Was Salvaged — Experience Not Likely to be Duplicated Here

Heavy war expenditures by the Canadian Government have led to speculation in some quarters as to the possible effect on the currency and the values of life insurance policies.

The German experience between 1918 and 1923 is often referred to as an example of what happens under runaway inflation. The general belief is that life insurance values were entirely wiped out.

Investigation, however, shows that even in Germany a percentage of each policy as well as life insurance investments in the form of mortgages, etc., was salvaged.

Available information from unofficial but authoritative sources indicates:

While policies maturing when the inflation was at its worst in 1923 were absolutely worthless, yet on revaluation of the mark in November that year a certain percentage of the face value of each policy was salvaged.

Investments of the companies were written down sharply, but not wiped out.

Shareholders' interests were reduced to very little, in some cases amounting only to the right to subscribe for new stock on favorable terms.

A Post-war Development

A point emphasized in connection with the inflation of the mark is that it did not occur during the war, but afterward. Whether it was unavoidable or not will probably always be a matter for argument but comment has been made by German economists themselves that it was not a direct result of the war. The history of life insurance during the period cannot be studied, however, without reference to the inflation itself.

A table submitted to the eighth International Congress of Actuaries in 1927 showed that while at the par of exchange it took 20.43 old marks to equal £1 sterling, the ratio increased fairly gradually until late 1922, when it suddenly accelerated by leaps and bounds until revaluation was forced.

For instance, in December of each year the ratios to the pound were: 1918, 38; 1919, 187.50; 1920, 258; 1921, 771; 1922, 33,250; and 1923, 19 billions.

As the pound itself depreciated moderately in terms of the gold dollar during the same time, the depreciation in the mark in dollar terms was somewhat more than indicated. It is estimated that by 1923 its purchasing power had fallen to about one trillionth of the value of the old gold mark.

Companies Strong in 1914

The German life companies before the war, it is generally admitted, were strong and well managed. During and immediately after the war itself, they paid their losses without suffering themselves or causing any trouble to their policyholders or beneficiaries. It was when the inflation really ran away that their troubles came.

While their assets and liabilities were both measured in marks, difficulty came in the mounting overhead, due to wages and other expenses having to be paid in increasing amounts of depreciating marks. Many mortgages, moreover, were paid off in the depreciated marks as also were corporation loans. To make new investments was to invite further loss. Premiums became difficult to collect because notes for the small sums involved after a while disappeared.

Premiums on Rye Basis

Various devices were tried to overcome the difficulty. Sliding scales of premiums were attempted, payment of premiums in an amount corresponding to so many bushels of rye was attempted, the number of employees was reduced. Nothing availed.

Finally in late 1923 and 1924 revaluation was brought about. First the renten mark and then the new reichsmark had a gold value practically the same as in 1914.

Mortgages which in 1913 had formed about 83% of total invested assets were revalued at 15% of their gold value, Reich, state and municipal bonds at 2½%. This, of course, meant an adjustment as far as both policyholders and shareholders were concerned.

Beneficiaries Hit in 1923

Beneficiaries of policies maturing by death or otherwise when the inflation was at its worst got less and less until by 1923 the average policy was not worth the postage to mail a letter. After revaluation, however, an adjustment was made which gave each policy a percentage of its face value. Estimates place this at 5% to 15%.

Later in 1924 the valuation of mortgages was increased to 25% of face value in gold, and government bonds in certain cases to 12½% and other adjustments made.

Shareholders probably came off worst of the three main interests in German life insurance. They got practically nothing from the wreck.

A Deliberate Policy

The point which various authorities have emphasized in connection with the German inflation is that it was not directly a result of the war, nor of economic conditions. In some cases in fact it is described as deliberate with certain political object in view. Accordingly such a development in Canada as a result of war is considered as far beyond the bounds of probability, especially in view of the general agreement of political and business leaders that the war should be financed by sound measures no matter how much sacrifice it may entail in the meantime.

Fire and Casualty Insurance

Marine War Risk Rates Show Upward Trend

Company and British Government Rates on Shipments From Canada and the United States to Britain Rise — Navigation Difficult

Sharp revisions in war risk insurance rates have followed recent war developments. After the occupation of the French channel ports and the abandonment of the Channel Islands by the British, rates on cargo to and from the east coast of Britain and on the south as far west as Southampton, are now quoted only on application.

Rates to the west coast of Britain and Ireland have been tending upwards and at last report at 7½% were about 50% above the level of three weeks ago.

Higher rates are also quoted on shipments by way of the Panama Canal and on transpacific shipments, to Australia, the East and Far East. Sinking of the Canadian steamship Niagara in the Pacific was undoubtedly a factor.

Mediterranean Closed

The Mediterranean route is now closed as far as war risk insurance quotations are concerned.

There have, however, been some reductions. For instance, rates on shipments to Africa and the Canary Islands are lower.

Almost simultaneously with the rise in company rates has come one in the rate quoted by the British Government on shipments going from Canada and the United States to Great Britain. This is now 2½% against 1½% formerly.

This increase while probably due partly to the changed war situation, is also believed to have been due to the former Government rate being too low. The present Government quotation of 2½% compares with the company rate of 7½%, whereas the former rates were 1½% and 5% respectively.

It has been pointed out that the British War Risk Office does not operate for profit like a private business. Its object is to keep commodities moving, especially imports to Great Britain. If it loses money, the deficit is made good out of public funds, while if it charges more than enough to meet its losses, the profit adds to the cost of import and the people or the Government, whichever is the importer, pays.

Port of Delivery Uncertain

Under present conditions, any individual making a shipment to the United Kingdom does not really know at what port his shipment will be delivered. The ship carrying it may be diverted from its earlier destination, either before sailing or en route. Moreover, sailing may be delayed and the ship may be asked to make certain calls on the way not originally scheduled. Thus, a shipper who loads his goods for shipment to London, say, may find that they have been delivered at Glasgow, Liverpool or elsewhere.

Underwriters point out that regular marine loss hazards should be distinguished from war risks. Each class of loss is covered separately. Marine losses are those due to the ordinary perils of the sea, such as storms, collisions, fogs, ice, etc. They are covered by the regular marine policy. Marine war risk losses are those due to enemy action, or due to a warlike operation. They are covered by an endorsement on the marine policy.

Additional Hazards

Ordinary marine hazards, however, have been increased enormously by war conditions. Examples of the additional risks which both ships and cargoes run just now are seen in the fact that many ports are operating with a minimum of light. Lighthouses have been darkened and the ships themselves are running with no lights showing. The result is that collisions with the dock or other ships are more likely than usual.

This, however, often results in more damage to hulls than its does to cargoes. Many a ship may have its plates damaged, requiring repairs. Yet under rulings which have been given, this may not necessarily be classed as the result of enemy action. Even if a ship is acting under the orders of a naval officer, it is stated, damage resulting from a collision with another ship in a convoy, or in docking would not necessarily be regarded as damage resulting from a warlike operation.

This, it is understood, is taken care of by making a surcharge, covering hulls against marine losses caused by war conditions.

If a merchant ship in a convoy is crowded by a cruiser and damaged, that comes under the classification of war risk.

The policyholder, however, is usually well protected. If a loss looks at all like a straight marine loss, the marine underwriter pays and then takes over any rights to war risk insurance the owner may carry. Sometimes settlement, in cases of doubt, is made on a 50-50 basis, the marine underwriter paying half the loss, the other half being paid by the underwriter carrying the war risk insurance.

In this way, the policyholder is indemnified while the settlement between the war risk underwriter and the marine underwriter is later settled by either arbitration or court.

Rates on Day to Day Basis

Underwriters emphasize that any rates quoted at the present time are on a day to day basis, and subject to rapid fluctuation. No rate is guaranteed for more than seven days. Firm contracts can be made for insurance up to 30 days. This, however, does not specify the rate in any way, which will be settled on the basis when actual shipment is made.

It is also pointed out that war risk insurance does not give any coverage while goods are on the dock or on land, but only after they have been placed on board ship.

Life Insurance At Work

An engineer purchased a life insurance policy with a family income clause providing for payment of $1,350 in cash in event of his death, plus $50 a month for 20 years to his wife.

He died after he had paid the first premium and $50 on the premium for the second year.

With the cash payment, the widow was able to pay all expenses and move back to her home town, 800 miles away. She has lived there comfortably ever since. She is secretary of the school board, has a teacher living with her for companionship and is saving money out of the $50 which is still arriving every month from the insurance company.

Her daughter, who was quite young when the father died is now a nurse and earning a good income.

Life Insurance Notes

C. W. Coombs has been appointed manager of the Hamilton division of the Confederation Life Association. Mr. Coombs succeeds R. J. Crouch, who is retiring on account of ill-health.

* * *

Maurice Coté has been appointed manager of the Quebec City branch of the Dominion Life Assurance Co. Mr. Coté succeeds Guy Baillargeon, who intends to devote his entire time to personal production.

* * *

New business placed by the Confederation Life Association in June was over $4.2 millions, making a total of more than $26 millions for the first half of the year. This, according to C. D. Devlin, assistant general manager, is the best half-year's business for any year since 1931.

* * *

The London Life Insurance Co. reports that of 540 persons on the head office staff of the company, all have become subscribers to the Government's War Savings scheme. Over 95% of the employees asked the company to make monthly deductions from their pay cheques.

* * *

John MacKinnon, manager of the Canada Life, New Brunswick-P.E.I. branch, has been appointed president of the Board of Governors of the Saint John Health Centre, succeeding Dr. Roberts, former Minister of Health in the New Brunswick Government.

Assistant Comptroller Appointed By Sun Life

G. Egerton Brown has been appointed assistant comptroller of the Sun Life Assurance Co.

Mr. Brown joined the Sun Life group department in 1927 after graduating from the University of Toronto. He later became branch secretary at Pittsburgh, chief clerk personnel department at head office in Montreal in 1929, and supervisor branch office routine and personnel at head office 1936. He has been active in life insurance and youth training activities.

Company Reports

Commercial Union

Assets of the Commercial Union Assurance Co. at the end of 1939 passed the $350 millions mark according to the consolidated balance sheet with £1 being taken as equal to $5. This, it was stated at the annual meeting, was the highest level in the history of the company.

Of the total, $3.5 millions was invested in mortgages and in loans on personal security, $118 millions in bonds and stocks, $12 millions in freehold and leasehold property and $39 millions in branch agency and other balances, cash, etc.

Net premiums in the fire department were almost the same as a year ago at $26.5 millions while claims paid and outstanding were slightly higher at $11.5 millions.

In the accident department, net premiums were a little higher at $40.5 millions with claims lower.

Total premium income in Canada of the Commercial Union and associated companies was slightly higher at $3.1 millions. The loss ratio of 40.62 compared with 38.01 in 1938. The company is licensed in Canada to write fire, automobile and a number of miscellaneous lines of insurance.

Alliance

Despite a year of more than ordinary difficulty, the annual report of the Alliance Assurance Co. showed a loss ratio of only 33.7% in the fire department in 1939. While premiums were lower than in 1938 and expenses higher, the department showed a surplus of $2.1 millions, on the basis of £1 equals $5.

Claims in the accident branch were unusually heavy. This has been met by the Alliance by weeding out unprofitable risks. This curbed a tendency of the claims ratio to rise to unprofitable levels. Accordingly while the expense ratio has increased, the department showed a surplus of $351,635.

Marine losses were favorable and the fund including special reserves increased to $6.5 millions from $5.6 millions.

After subtraction of all usual charges, $250,000 was added to the reserve fund, $250,000 to staff pension fund and $5.7 millions carried forward.

Fire Insurance Notes

In spite of more active operations at many industrial plants in Ontario, the fire loss in the province in the nine months of the war period from Oct. 1 to June 30, at $496,000 was materially lower than for the corresponding nine months in the year previous.

Only one incendiary fire in industrial establishments in Ontario has been reported during the period. This, the Fire Marshal states, was charged to a relative of an occupant of the building. The accused was later acquitted. No cases of sabotage or attempted sabotage have been reported, with the possible exception of a fire in a freight car carrying airplane engines at Sarnia recently which is still under investigation.

* * *

The Halifax Insurance Co. is suspending operations in the United States for the time being, by mutual agreement between the company and its United States managers. The Halifax will be replaced in U. S. agencies by companies which are members in the Home group. The Home, it is reported, will continue to reinsure the United States risks of the Halifax.

* * *

James A. Young, manager of the Vancouver branch of the Employers' Liability Corporation Ltd., who opened the Vancouver branch in 1918 has retired. He will be succeeded by H. D. Dempsey. Mr. Dempsey opened the company's Ottawa branch in 1923 and more recently has been superintendent of agencies of the company for Ontario.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

M. A. HULL, accountant Greene Ave., Westmount, Que., to be manager Monkland & Beaconsfield, Montreal.

E. C. MAXWELL, manager Gerrard & Greenwood, Toronto, to be manager Orangeville, Ont.

C. A. ROBERTS, accountant Minnedosa, Man., to be manager Rapid City, Man.

J. A. A. MOREL, manager Chicoutimi, Que., to be manager Shawinigan Falls, Que.

A. E. SHARP, manager Balcarres, Sask., to be manager Neudorf, Sask.

W. H. H. WALSH, assistant accountant, Stanley St., Montreal, to be accountant Greene Ave., Westmount, Que.

The Imperial Bank of Canada announces the following staff changes:

D. G. P. FORBES, manager, Kitchener, Ont., has been given leave of absence to join the military forces.

O. L. METLER, manager, Preston, Ont., to be temporary manager at Kitchener.

A. S. WAGNER, accountant, Welland, Ont. to be acting manager, Preston, Ont.

The Bank of Nova Scotia announces the following staff changes:

S. MacDONALD, to be manager at Bank & Gloucester, Ottawa.

W. A. McLAGGAN, to be manager at Sydney Mines, N.S.

NEW IMPERIAL BRANCH

The Imperial Bank of Canada has opened a branch at McKenzie Island, Ont., sub-branch to Red Lake, Ont.

Banking

War Demand and Taxes Reduce Bank Deposits

Decline Shown in Savings and Current Deposits in Chartered Banks — Government Balances Rise — Note Circulation is Higher

Tendency of large firms to finance their war business by withdrawing their own money in the banks is indicated in the decline in total deposits in Canada in May. The return of the chartered banks to the Minister of Finance as at May 31 shows a decline of $15.6 millions in savings and $28.4 millions in current deposits making a total reduction of $44 millions.

Bankers state that in recent years various large firms have preferred to finance their spring requirements for money this way rather than by borrowing on a long term loan. It is believed that this policy is being followed this year, particularly in the financing of construction of new buildings for war work.

Income Taxes

Another factor tending to reduce bank deposits was the payment of income taxes. Many individuals wait until April 30 to pay their income taxes. The same thing happens with many firms of which the income taxes come due on that date. These taxes are paid by cheques which are not cashed till May and thus are reflected in the lower current and savings deposits.

Turnover of these income tax payments to the Government is also reflected in the expansion in deposits of the Dominion and the provinces. Dominion Government deposits, for instance, were up $60 millions on the month and provincial deposits $26 millions.

Compared with a year ago savings deposits are down $35 millions and demand deposits up $132 millions. Dominion Government deposits are $125 millions higher and provincial government deposits up $37 millions.

Loans Higher

Current loans in Canada have increased nearly $4 millions on the month and $116 millions on the year. It is believed that loans to actual business were probably higher than indicated but the increase in this respect was offset by repayment of wheat loans.

The cash position of the banks continues strong, total bank cash at the end of May being nearly $300 millions, up $18 millions from the previous month and $33.8 millions from a year ago.

Bank note circulation was $5 millions higher during the month and $4 millions up on the year.

Use of Bank Credit in Canada
(In Millions of Dollars)

	May 1940	April 1940	Change	May 1939	Change
Loans	1,107.4	1,125.5	—18.1	1,018.5	+88.9
Investments	1,616.8	1,591.8	+25.0	1,504.4	+112.4
Total	2,724.2	2,717.3	+6.9	2,522.9	+201.3
Deposits	2,460.0	2,504.1	—44.1	2,362.6	+97.4
Credit index*	39.9%	39.4%	+0.5%	37.1%	+2.8%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	May 1940 $	April 1940 $	Change $	May 1939 $	Change $
Immediately Available Liquid Assets					
Canadian coin	5,301,812	5,414,777	—112,965	6,026,933	—725,121
Bk. of Can. notes	56,241,501	61,573,803	—5,332,302	54,661,201	+1,580,300
Bk. of Can. depos	238,306,155	213,910,188	+24,395,967	205,355,441	+32,950,714
Bank's cash	299,849,468	280,898,768	+18,950,700	266,043,575	+33,805,893
Other banks notes	3,762,087	4,836,897	—1,074,810	5,777,853	—2,015,766
Gold & sub. coin abd.	4,174,367	3,880,004	+294,363	5,866,982	—1,692,615
Foreign banks	203,046,389	183,132,154	+19,914,235	224,200,269	—21,153,880
Foreign curr.	28,705,845	30,714,627	—2,008,782	31,844,046	—3,138,201
Gov. sec. short term	700,951,444	615,712,001	+85,239,443	444,067,647	+256,883,797
Do., long term	628,616,554	691,279,166	—62,662,612	753,787,512	—125,170,958
Call loans abroad	39,816,232	57,014,418	—17,198,186	49,677,624	—9,861,392
	1,908,922,386	1,867,468,035	+41,454,351	1,781,265,508	+127,656,878
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	98,322,960	99,030,310	—707,350	104,035,824	—5,712,864
Public secs.♦	72,073,351	71,382,978	+690,373	77,500,216	—5,426,865
Other secs.	116,792,468	114,404,230	+2,388,238	125,069,089	—8,276,621
Can. call loans	44,393,051	54,028,747	—9,635,696	55,120,863	—10,727,812
Current loans	937,950,070	934,261,407	+3,688,663	821,545,250	+116,404,820
Loans abroad	142,718,331	148,817,976	—6,099,645	141,131,168	+1,587,163
Prov. loans	15,898,404	17,300,790	—1,402,386	21,837,870	—5,939,466
Mun. loans	109,290,417	119,909,726	—10,619,309	119,972,976	—10,682,559
	1,537,439,052	1,559,136,164	—21,697,112	1,466,213,256	+71,225,796
OTHER ASSETS					
Non-curr. loans	7,935,853	8,086,903	—151,050	8,967,375	—1,031,522
Real estate	7,633,337	7,629,505	+3,832	7,872,787	—239,450
Mortgages	3,968,609	4,011,731	—43,122	4,204,978	—236,369
Premises	71,985,423	71,952,275	+33,148	72,242,133	—256,710
Letters of credit	61,509,585	59,832,371	+1,668,214	52,255,459	+9,245,126
Loans to comp.	11,221,358	11,065,013	+156,345	11,566,700	—345,342
Other assets	2,479,749	2,527,498	—47,749	2,351,220	+128,529
	166,724,914	165,105,296	+1,619,618	159,460,652	+7,264,262
Total	3,613,086,352	3,591,709,495	+21,376,857	3,406,939,416	+206,146,936
Note circ. dep.	5,083,804	5,080,767	+3,037	5,494,064	+410,260
Int. bank bal.	127,582,994	134,867,123	—7,284,129	108,645,428	+18,937,566
Gross	3,745,753,150	3,731,657,385	+14,095,765	3,521,078,908	+224,674,242

LIABILITIES

	May 1940 $	April 1940 $	Change $	May 1939 $	Change $
To the Public					
Circulation	94,299,428	89,171,887	+5,127,541	90,295,577	+4,003,851
Dom. Govt.	239,490,557	179,439,353	+60,051,204	114,024,712	+125,465,845
Prov. Govt.	85,230,637	59,011,466	+26,219,171	47,498,284	+37,732,353
Deposits by Public					
Demand dep.	816,947,769	832,598,639	—15,650,870	684,281,640	+132,666,129
Savings dep.	1,643,084,405	1,671,538,370	—28,453,965	1,678,363,561	—35,279,156
Total	2,460,032,174	2,504,137,009	—44,104,835	2,362,645,201	+97,386,973
Foreign dep.	442,375,558	467,114,635	—24,739,077	484,393,814	—42,018,256
Due to Banks Abroad, Etc.					
United Kingdom	18,883,009	24,274,627	—5,391,618	14,109,121	+4,773,888
Foreign	29,895,543	35,811,633	—5,916,090	42,836,971	—12,941,428
Bills payable	195,555	187,159	+8,396	85,382	+110,173
Letters of credit	61,509,585	59,832,371	+1,668,214	52,255,459	+9,245,126
Other liabs.	4,145,804	4,380,755	—234,951	3,532,301	+613,503
Total pub. liabs.	3,436,048,850	3,423,360,895	+12,687,955	3,211,676,822	+224,372,028
Due bet. banks	11,436,011	10,735,882	+700,129	14,943,723	—3,507,712
Liability to Shareholders					
Dividends	2,224,725	2,744,396	—519,671	2,194,141	+30,584
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,728,959,586	3,716,091,173	+12,868,413	3,508,064,686	+220,894,900

♦Other than Canadian.

Statement of the Chartered Banks For May Will Be Found on Page 14

Total Deposits Up At Bank of Canada

Increase Largely in Accounts of the Chartered Banks

A further increase of $12 millions to $279 millions in note circulation was reported in the statement of the Bank of Canada for the week ended July 3.

Deposits of the chartered banks with the Bank of Canada were $8 millions higher, probably due to larger public deposits with those institutions which in turn increased their reserve deposits with the Bank of Canada.

Other deposits including those of foreign central banks with the Bank of Canada increased $13 millions. Total deposits accordingly were slightly higher.

Investments in Dominion Government securities rose $21 millions.

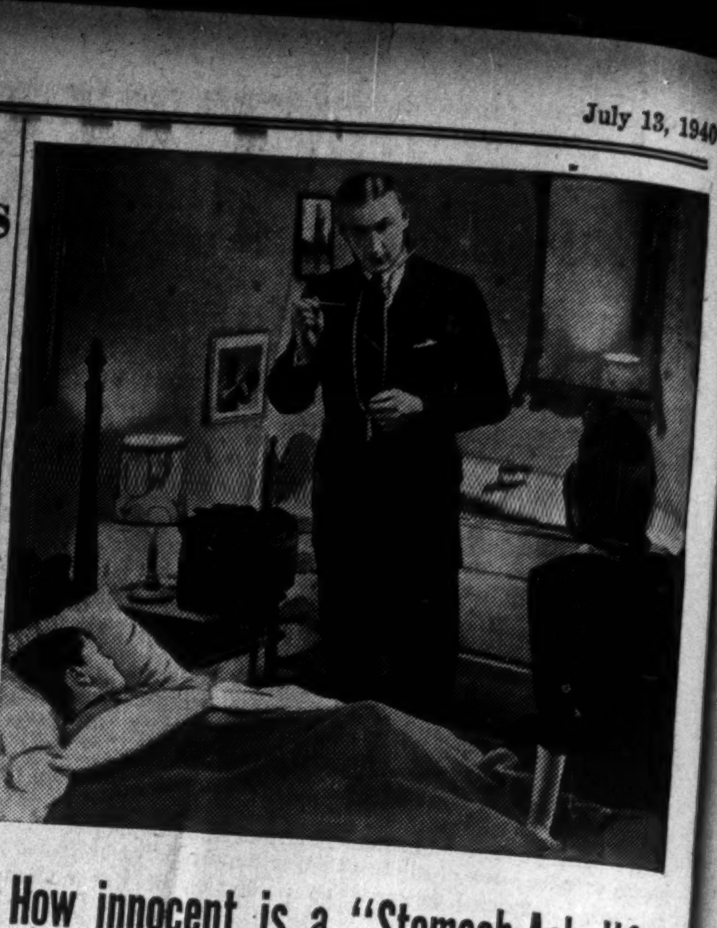
An increase of $500,000 was shown in the item, advances to chartered and savings banks. There has been considerable speculation as to which bank or banks is doing this borrowing from the Bank of Canada which first appeared in the Bank of Canada statement for May 29. As the item does not appear in the May return of the chartered banks, it would appear that the advance of $1 million shown that week was to one of the Quebec savings banks.

Balance Sheet

Liabilities	July 3 1940 $	June 26 1940 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	279,162,593	267,139,362
Rest fund	2,449,757	2,449,757
Depos.: Dominion	33,949,389	34,147,107
Bank	216,661,876	203,407,427
Other	12,044,041	10,723,562
Total deposits	262,655,306	253,278,096
All other liabs.	10,678,575	11,383,480
Total liabs.	559,946,231	539,250,695
Assets		
Reserve:		
In sterling & U. S.	2,755,544	8,944,314
Subsidiary coin	252,272	248,830
Advances	3,500,000	3,000,000
Investments:		
Dom. Govt. short	421,485,568	402,838,359
Other Dom. Gov.	119,559,623	118,347,374
Total invest.	541,045,191	521,185,732
Premises	1,717,187	1,682,916
All other assets	10,676,037	4,188,903
	559,946,231	539,250,695

Weekly Bank Clearings

	July 4 1940 $	Change Year Ago %	June 27 1940 $
Halifax	3,207,520	+15.9	2,855,293
Saint John	2,584,967	+28.3	1,993,053
Moncton	927,860	+13.6	1,213,483
Sherbrooke	889,528	—23.0	852,641
Quebec	4,623,826	—22.7	4,261,239
Montreal	106,917,294	—16.0	85,920,209
Ottawa	27,520,725	+27.7	29,775,962
Kingston	772,073	+25.2	556,072
Peterborough	665,211	+0.2	596,900
Toronto	114,524,004	—12.5	90,488,395
Hamilton	7,125,885	+18.0	5,985,461
Kitchener	1,200,755	—1.4	1,130,551
Brantford	1,081,891	—11.5	991,436
London	3,149,209	+1.0	2,596,241
Chatham	624,011	+23.5	631,112
Windsor	3,046,767	—2.9	2,859,284
Sarnia	459,012	—12.9	491,196
Sudbury	996,435	+5.0	1,277,774
Fort William	1,058,904	+54.3	801,489
Winnipeg	73,855,174	+124.8	37,368,863
Brandon	435,778	+13.8	344,623
Regina	4,735,658	+23.1	3,421,283
Moose Jaw	566,029	—17.4	454,678
Saskatoon	1,406,911	+4.1	1,361,279
Prince Albert	338,743	+1.6	350,009
Edmonton	4,336,212	—1.8	4,042,661
Calgary	6,216,705	+30.4	5,469,617
Lethbridge	331,729	—0.6	460,437
Medicine Hat	242,407	—4.9	227,280
N. W'minster	714,734	—3.2	780,449
Vancouver	18,008,418	—11.1	18,028,947
Victoria	2,046,130	—1.9	1,802,924



How innocent is a "Stomach-Ache"?

A "STOMACH-ACHE" means *something's* wrong.

True, it may be nothing dangerous. But because it *can* be very serious, no one should treat such a warning signal lightly.

▶ All too frequently a severe so-called "stomach-ache" means an acute attack of appendicitis —one of the more important causes of death among children, adolescents, and young adults. Yearly it takes some 16,000 lives in Canada and the United States.

▶ Many of these lives are lost as a result of "self-treatment." Many could be saved if the following three-point safety rule were observed whenever intense abdominal pain persists for more than an hour or two:

1. Call a doctor.
2. Apply an ice bag and remain quiet.
3. Do *not* take a laxative, food, or medicine.

The importance of prompt medical attention is clearly indicated in a recent survey of appendicitis cases made by medical authorities. It reveals that the death toll, among those who delayed going to the hospital from two to three days, was from *three to four times greater* than among patients admitted to a hospital within the first 24 hours. The survey further shows that fatalities, among those who had taken a laxative after pain developed, were more than *three times greater* than among those who had taken none.

▶ Even if a persistent "stomach-ache" is not appendicitis, it cannot safely be considered innocent. It may mean one of a number of other serious diseases.

▶ When in any doubt whatsoever about abdominal pain, call your physician for *safe* guidance—and call him in *time*. Then if serious disease is indicated, an early diagnosis and treatment may speed recovery, reduce the cost of illness, and decrease the possibility of dangerous complications.

Send for Metropolitan's helpful, free booklet, "Appendicitis."

Metropolitan Life Insurance Company,
Dept. 7-F-40, Canadian Head Office, Ottawa.
Please send me a copy of your booklet, "Appendicitis."
Name ....
Street ....
City .... Province ....

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
NEW YORK
FREDERICK H. ECKER
Chairman of the Board
LEROY A. LINCOLN
President
CANADIAN HEAD OFFICE — OTTAWA

Obituaries

Peter McMichael, formerly managing director of Dominion Radiator Co. Toronto, aged 70, at Toronto.

M. M. Maxwell, formerly secretary of the St. Catharines Chamber of Commerce, aged 62, at Windsor, Ont.

J. F. Flynn, mining engineer of Toronto, aged 75, at Niagara Falls, Ont.

W. P. Marzalik, assistant manager, Kops Brothers Ltd., corset manufacturers, Toronto, at Toronto.

Monthly Bank Clearings

	June 1940 $	June 1939 $
Halifax	13,378,363	10,692,932
Saint John	8,639,815	7,783,083
Moncton	3,892,403	3,334,322
Sherbrooke	3,573,324	3,170,093
Quebec	22,544,425	21,701,871
Montreal	406,329,642	478,742,255
Ottawa	128,047,459	78,987,358
Kingston	2,583,603	2,462,019
Peterborough	2,713,396	3,050,199
Toronto	463,026,040	507,905,382
Hamilton	24,733,859	23,156,786
Kitchener	4,978,267	4,469,525
Brantford	4,318,908	3,766,749
London	11,654,732	11,302,120
Windsor	12,658,391	12,072,052
Sarnia	2,173,333	2,295,332
Sudbury	4,491,265	4,355,035
Fort William	3,449,209	2,956,947
Winnipeg	179,952,655	153,702,969
Brandon	1,503,440	1,387,907
Moose Jaw	2,298,134	2,365,396
Saskatoon	5,977,193	4,768,495
Prince Albert	1,436,690	1,169,576
Edmonton	17,514,124	15,132,828
Calgary	21,515,702	19,627,184
Lethbridge	1,925,122	1,911,491
Medicine Hat	1,001,360	943,834
New W'minster	2,892,414	3,106,402
Vancouver	71,402,657	76,288,561
Victoria	7,966,650	7,965,286

Nfld. Relief Expense Materially Reduced

Substantial reduction in the number of unemployed persons is shown for May in Newfoundland. There were 54,426 persons on relief during the month, comprised of 39,728 employable and 14,698 unemployable persons. In the same month of the previous year there were 80,684 persons on relief, composed of 68,119 employables and 12,568 unemployables. The cost in May of the current year for this purpose totalled $109,839, compared with $153,140.

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Can Hitler Ruin Gold?

By RONALD A. McEACHERN
Staff Writer, The Financial Post

Are you falling for the Nazi propaganda against gold?

A lot of people are and gold mine stocks are selling away down at prices giving ridiculous yields all the way up to 50%.

Chanting the impending doom of gold is one of the easiest and most effective themes the Nazi propaganda machine can play. It gets the wind up in Britain and in her three great gold producing dominions, South Africa, Canada and Australia. It worries the Indians with their spangles and their vast fortunes in bullion. It worries the Americans, the possessors of almost 60% of the world's total supply and terribly afraid of being left holding a bag.

For years the Nazis have been telling us they think gold is just nonsense. A week or so ago one of their financial journals outlined the presumably official plan for the new currency that is to be introduced throughout Hitler's new empire, a currency based on "the productive achievements of labor." The Hitler conquests have engulfed several countries rich in gold, traditionally "friends" of gold.

What Does It Mean?

What does all that mean for the future of the yellow metal?

Not at all what the enemy wants us to infer.

When they are not propagandizing against gold, the Nazis make it very plain that they want all the gold they can get. They boast that their conquests will give them enough gold so they can abandon the clumsy barter system of trade. They frankly admit that they will use gold for precisely the same purpose as we now do and that there is nothing else in the world so suitable for the job.

Ignoring the theories about the have-been's and the should's, what are the practical aspects of the gold problem today?

It has commercial uses, dentures, jewellery and so on. No comfort there.

What is much more important, it enjoys the respect of a large percentage of the world's population, who regard it as the ultimate in value; as the best and safest form of wealth; as the traditional and natural basis of a sound currency and national money system. Wealth is the dearest material possession of man and what the masses of mankind think about the token representing that wealth is vital to their faith in and acceptance of that token.

The U. S.-U. K. "Baby"

There is also the fact that United States now owns about 65% of the world's total known supply of gold and that the British Empire produces 60% of the world's annual supply.

The following table shows the world's principal producers and holders of gold.

Available to British

Gold Production (Kilograms)		Gold Stocks (Millions of U.S. $)	
S. Africa	364,986	U. S.	18,433
U. S.	128,056	U. K.	1,162
Canada	127,407	Canada	211
Other	223,403	Other	1,448
Total	843,852	Total	21,254
Doubtful			
U.S.S.R.	160,000	Japan	164
Other	45,266		
Total	205,266		
Enemy			
Sweden	6,010	Germany	29
Roumania	5,465	France	2,000
Jugoslavia	2,724	Other	3,935
Other	3,304		
Total	17,503	Total	5,964

Those figures show that gold is being produced in relatively vast quantities and the whole list of producing countries would take about half of this column. At the present rate of production, the world's supply of gold will be doubled in about 16 years. Gustav Cassel, the famed Swedish economist, declared away back in the almost pre-historic days before 1914 that the world's gold supply should increase only about 3% per year to provide for sound and adequate human progress. The present rate is twice that.

Settle International Debts

Another of the realistic facts about gold today is that some of the very best friends of gold, such as Britain and Canada, have deprived it of most of the functions which used to be considered vital to its continued usefulness.

Gold is doing only one job today. Gold bricks are a handy way of settling debts between nations, whether it be by governments or by tradesmen.

Gold does something else which at first glance looks like a job, but really isn't. The United States has legislated that one ounce of gold is worth 35 American dollars. Because of that—and for that reason alone—a Canadian or an Italian can figure out the value of his dollar or his lira in terms of gold by finding out the value of his currency in terms of American dollars.

U.S. Tied To Gold

Because of this fact—because the U.S. dollar is tied to gold—it is possible to determine how many gold bricks must be sent to settle an international debt. But the relation of gold to the U.S. dollar has no fixed or formal relationship with the purchasing power or the stability of that dollar, and probably none at all which is all that concerns you and me. Nor has it anything to do with the relative values of the Canadian dollar, sterling, pangos or any other currency.

Because of the position of the United States in world trade and finance; because it is generally regarded as one of the countries safest from upheaval and soundest economically, the United States dollar has become the currency to which the rest of the world looks as a standard (replacing the pound sterling in this respect) and thus retains for gold an informal position as a standard of relative value.

No Backing Here

Contrary to the implications of some oratorical outbursts of economic theory heard occasionally in legislative chambers and elsewhere, gold is no longer the "backing" of the currency in Canada or in other parts of the British Empire. Nor is the amount of gold in the Canadian banks an important factor in the value of the Canadian dollar, the ups and downs of our economic activity, price levels or anything else.

Those are the facts of the present situation. The theories are all about the question of whether or not such should be the situation.

As A. F. W. Plumptre wrote in his essay "The Gold Standard" published in the new volume of the University of Toronto Press, "Canadian Investment and Foreign Exchange" edited by J. F. Parkinson:

> ". . . the last vestiges of the international gold standard, with its fixed exchanges and automatic operations, have well-nigh vanished; vanished in a welter of exchange controls, exchange equalization accounts, quotas, tariffs, barter trade agreements, blocked exchange rates, and the like. Gold is still used between governments and central banks for such international settlements as they choose to make by its means. The convention of using this metal for the purpose, rather than any other commodity can be explained historically; and it seems likely to persist. Nowadays gold still has its uses, as an inter-governmental medium of exchange, as well as in the manufacture of esteemed trinkets and of dentures; but it is no longer an international monetary standard."

Same Price World Over

One other aspect of today's gold situation needs looking at: the fact that United States has so much of it.

There is a great deal of hocus pocus talked about this, so because this whole problem is of such vital interest to Canada, forgive remarks that may be elementary.

United States has not become the possessor of most of the world's gold because it raised the price and pays 35 American dollars for an ounce of it. The price of gold is the same the world over. An ounce of gold in Canada or anywhere else is worth 35 U.S. dollars or the equivalent in local currency. Because the Canadian dollar is currently depreciated 10% in terms of the U.S. dollar, an ounce of gold in Canada is currently worth $38.50 in Canadian money.

The United States is not being deluged with gold because Hitler and Mussolini say gold is nonsense, and Europeans and others want to get rid of their supply of gold and let America "hold the bag when gold is finally dethroned."

There are only two reasons—both of the same kind—why practically every ship tying up at Manhattan has a precious cargo of little wooden boxes, bound with steel tape.

First is the fact that United States has a consistently favorable trade balance. America goes on, month after month, selling more things to other nations than she buys from them. And the difference in value between her foreign sales and her foreign purchases is usually paid in gold.

"Hot Money"

Second, and much more important so far as the volume of gold coming to United States in recent months and years is concerned, are the millions upon millions of "hot money—flight capital" pouring to America from Europe.

Hundreds of Europeans with wealth—great or small—seeing the rise of the Nazi holocaust have decided that United States is the safest place to have their wealth. So these funds crossing to America have the same effect as the unfavorable trade balance—increasing the amount of gold that must come to America to balance the international books.

In addition European governments and banks have also been shipping gold to this continent simply for safekeeping. Just like sugar or jewels, this gold is stored away in vaults. Britain, for instance, stored vast amounts of gold in Canada as long ago as 1938 when war clouds—officially—looked distant. The hazard and inconvenience of shipping gold in wartime is, of course, much greater. Because of the great financial and industrial resources of the United States, the safe presumption was that eventually it would be disposed of there in any case, so it was merely sent where it would be handy for eventual transfer.

What Would Be Better?

Why is gold used to settle international balances?

First, because there has to be some token of wealth that is good around the world. An American dollar is "good" in Canada only because we know we can take it to a bank and get Canadian money for it. But be-

(Continued on page 11)

BAR 1551
$17000
BAR 1552
$24000
BAR 1550
$23000
BAR 1549
$24000
BAR 1548
$24000

Have you swallowed some of the Nazi propaganda about gold? The $112,000 worth of gold bricks pictured above will do one of the most vital wartime jobs: bring Canada foreign exchange for her purchases of essential machinery for making shells and other war equipment only obtainable in United States. The worker is inspecting heavy artillery shells in a Canadian factory.

More Than We Can Eat

War Shrinks Markets For Our Wheat, Bacon, Tobacco, Fruit

By GORDON L. SMITH
Staff Writer, The Financial Post

OTTAWA.—For perhaps the first time in history farm prices threaten a general decline in wartime. Wheat and hogs, both key lines, in Canada are lower than last fall and the immediate outlook holds no substantial improvement.

The same is true or will be when the season opens of fruit, vegetables, tobacco and coarse grains. The one outstanding exception to the general rule is wool, now up several times the abnormally low price which prevailed just before the outbreak of war.

Serious Market Loss

Reason for this unusual and unexpected development was the sudden conquest of continental Europe by the Axis Powers. At present there are only two unimportant customers, Portugal and Spain, which can buy Canadian farm products, and it may only be a matter of days before this outlet is closed.

It is true that the United Kingdom market is still open and the Mother Country has always been Canada's best customer of farm produce. But Continental Europe and especially those countries actually overrun or cut off by the Germans—Scandinavia, Belgium, Holland and France, also bought Canadian wheat, flour, tinned goods and apples. Often it was this export beyond Great Britain which served to keep prices steady by preventing gluts on both the British and domestic markets.

Permanent Losses

Now the overflow has been stopped and restrictions placed on the shipments of bulky goods like tinned fruits and vegetables and fresh fruit even to Britain. If the war continues through next winter it is quite conceivable, officials here point out, that Canadian food storehouses may be bulging and at the same time Europe starving.

Moreover, with food products this cutting of western Europe means a market lost, not deferred. A Hollander because of the war may defer buying Canadian lumber until peace is restored, but in food he either eats it today or starves. He cannot make up his purchases of this commodity later on.

On Export Basis

Canadian agriculture has been developed on a big export basis. We grow an average of 350 million bushels of wheat a year, consume about 125. Apples and bacon are in almost the same category. With cheese we export much more than we consume; in tobacco and tinned fruits and vegetables much less. In wool, Canada, of course, is a large net importer, which largely explains the wartime price raise in this commodity. In butter and milk the domestic market normally takes practically all our production.

Farm Lines Interchangeable

Many of these lines are interchangeable, some on six months' or a year's notice; some take very much longer. This is a point often overlooked, agricultural officials point out. Farmers can switch from wheat growing to coarse grains—barley and oats—or if the wheat market collapses they may feed this and other grain to livestock. And, of course, if bacon hogs, other livestock, or dairy products, prove unprofitable, farmers can sell grain rather than feed it. Because of their volume and the wide territory over which they are produced, bacon hogs and wheat are key products. If prices of these are profitable, then one is safe in concluding that Canadian agriculture generally is profitable.

Bumper Wheat Crop

When the Empire went to war last September western Canadian farmers were harvesting the first bumper crop in the last 10 years. With a moderate carryover it looked as if there would be close to 300 million bushels for export. Remembering two- to three-dollar wheat in the first Great War, growers were jubilant and sure that mortgages would be burnt and autos bought before the winter. But after the first war enthusiasm was over wheat was still selling below a dollar. Then, when the Blitzkrieg started this spring, prices sagged quickly. All gains were lost and, by the time the French surrendered, values had tumbled back to government pegged levels with trading practically at a standstill.

Problem of Storage

At the beginning of this month Canada still had 280 million bushels of unsold wheat in commercial storage, with the expectation of not selling more than about 15 million bushels before the new crop starts coming in. It is still too early to make definite estimates, but this new crop, Ottawa wheat experts believe, may run as high as 450 million bushels and cannot go much lower than 350 million. As Canada's total elevator storage, terminal and country, is only in the neighborhood of 400 million bushels, it does not take an adding machine to figure that with a continuance of present world conditions new cover will have to be found for a lot of wheat this fall. Probably a large part of the crop will be stored on the farm where it is grown.

To Maintain Pegging

How the farmer will be able to raise needed ready money under these circumstances is another matter. It is generally agreed around Ottawa that the Government will continue to maintain pegged prices, though there may be some shaving from the present level of 70 cents, basis No. 1 Northern, Fort William. To remove minimum prices from wheat, it is argued, would upset the whole farm economy with a general collapse of prices. But with all storehouses full it is going to be impossible for the Government wheat agency to take delivery. In this case the United States example of loaning on government sealed wheat stored on the farm may be followed.

Maintain Wheat Machinery

Until peace is restored in Europe wheat experts can see no outlet sufficient to absorb more than a portion of Canada's wheat production. But they are certain that Canada's wheat will be required after the war. They are certain that Canada's whole farm economy must for a long time to come be largely based on wheat growing. For these two reasons they believe that even if the war lasts through several crops Canada's wheat-growing machinery must be maintained by some means or other. They do not, however, try to minimize the financial hazards involved in such maintenance.

With the other farm lines in which there is a substantial exportable surplus, and therefore a market problem, the situation is not so serious; in bacon and tobacco because a solution is at least in sight, in fruit because the total is relatively small.

Bacon Surplus

The bacon deal with Great Britain last fall was generally welcomed, though some producers thought that the price might have been higher. The British authorities agreed for a year to take almost six million pounds of bacon a week at a price equal to $9 per hundred for live hogs in Central Canada, a little less in the East and West. For the first few months after the pact went into operation Great Britain encouraged even larger shipments than stipulated. The export threatened to drain all available native hog supplies and very large imports of American fresh pork were brought in to fill domestic needs last winter.

In some quarters it was this import of American pork that was blamed for the present surplus problem. At any rate this spring saw cold storage in Canada jammed with bacon and other pork products. At about the same time the British authorities, hampered by lack of shipping and flooded with supplies from Denmark just before the invasion, warned Ottawa that exports would have to be limited to the original figure. In the meantime hog deliveries at Canadian packing houses reached an all-time peak. Prices to farmers were reduced.

Situation Improving

The situation today, however, is beginning to show some improvement. Canada is the only major source of British bacon supply. Denmark, of course, is cut off until after the war. Producers in Ireland and the United Kingdom are hampered by lack of feed and must reduce production. So long as Britishers continue to consume bacon and so long as shipping is available imports will be needed.

Store houses are beginning to empty in eastern Canada, though accumulated supplies are still heavy in the West. Hog deliveries, too, are beginning to taper off moderately. Prices of live hogs have advanced again. Domestic consumption has increased. It is believed by late summer the situation will have righted itself. Next fall, however, there may be another story as heavier hog deliveries are again anticipated. Moreover, the present agreement with Britain must come up for renewal. Much will depend on Britain's ability to keep shipping channels open whether the present

(Continued on page 10)

New Tax Hits Dividends

By HAROLD H. HILLIARD
Staff Writer, The Financial Post

Widespread effect is likely to be felt by Canadian securities as a result of imposition of the revised excess profits tax. Study of it as affecting 11 merchandising and foodstuffs companies reveals more than one case where dividend policies will have to be reconsidered in the light of the new conditions. Accompanying table No. 1 illustrates this and also how the new taxation will affect price earnings ratios.

In table No. 2 estimates have been prepared to show how much earnings, before all charges but taxes, will have to increase to offset the higher taxes. The estimates are based upon 1939 profits.

In the case of B. C. Packers, for instance, 1938-39 profits, before all charges but taxes, totalled $190,683. This figure is reduced to $73,392 on the basis of new taxation, while actual net profit was $132,802. With the new taxes now in force, it will be necessary for this company to show earnings before taxes of $400,000 in the 1940-41 fiscal year if net profit is to be maintained at $132,802. It is necessary, upon the basis of this calculation, to more than double earnings, before taxes, due to net profit in 1938-39 being considerably higher than the average for the four base years, ended in 1939.

Needs Tripled Earnings

Canadian Canners will have to more than triple earnings, before income taxes, during the current fiscal year if net profit of $1,529,701 for year ended Feb. 29 last, is to be maintained. This results from a sharp rise in 1939-40 net profit as compared with the average for the four base years.

Loblaw Groceterias, among the companies in the accompanying table, will have to show the smallest increase if net profit is to be maintained at the same figure as for fiscal year 1938-39. Earnings, before taxes, will have to increase only about 25%, as the company's earnings have shown a small amount of fluctuation. Net profit for 1938-39 was a little below the average for the four base years.

Dividend Policies

Study of Table 1 shows the effect of new taxation upon per share earnings of individual companies, and how dividend policies are likely to be affected.

Unless Canada and Dominion Sugar Co. shows a substantial increase in 1940 earnings as compared with 1939, the company probably will find its margin of coverage of the present $1.50 per share regular rate on the common stock wiped out. Profits were equal to $1.97 per share in year ended Jan. 31, last. On the basis of new taxation, margin is reduced to $1.37 per share.

This company would have to show a 10% increase in net profit over 1939 to even meet present dividend requirements of $1.50 per share. Figure for 1939, on the basis of the new taxes, is $2,055,512, while $2,250,000 is required to cover current dividends. On the basis of old taxation, 1939 earnings were just under $3 millions.

No Extra Likely

The company paid $1.50 plus an extra of 25 cents last year. It is doubtful if the extra can be looked for this year.

Net profit for the latest fiscal year was the highest since 1934, first year for which figures are available. It represented a substantial increase of about $1 million over the previous year.

Prospects for the current year were reported a month ago by C. H. Houson, president, as being somewhat uncertain due to increased prices of raw sugar, without a proportionate rise in selling price. Mr. Houson states that, unless this condition changed, earnings would be adversely affected during the current fiscal year.

Two companies, Laura Secord and George Weston, would have seen earnings reduced to within a few cents of current dividend rates on the common stock on the basis of 1939 earnings if taxed at the new rate.

George Weston Ltd. reported record net profits last year equivalent to $1.12 per share on the common stock. On basis of new taxation, figure is reduced to 82 cents. Current dividend rate is 80 cents per share per annum. It is possible the proposal to increase the rate will be deferred indefinitely.

J. A. Gairdner, chairman of the board, reported at the annual meeting in April that a more generous dividend policy was being considered. In a letter accompanying the July 1 dividend payments F. W. St. Lawrence, general manager, reported the matter was being deferred. He also stated that earnings in the first four months of 1940 showed improvement over the same period of 1939. Actually it is difficult to make calculations of the Weston net after excess profits tax. This company gets an unknown portion of its earnings from the U. S. and these U. S. earnings are not subject to excess profits tax. The actual excess profits tax to be paid by Weston would probably be less than shown here.

Laura Secord Candy Shops reported earnings in year ended Sept. 30, last equal to $1 per share on the capital stock. On the basis of new taxes the figure is cut to 82 cents. Earnings in the year were the highest since 1931.

The company will be subject to the new taxation for only the last nine months of the current fiscal year which ends Sept. 30, 1940. If earnings equal last year's net the company could probably continue current payments of 80 cents annually without trouble, as its financial strength provides adequate reserves. However, if there is no further improvement in fiscal year 1941, when the company will be subject to the new taxes for the full 12 months, some adjustment might be necessary. This concern possessed cash and bond investments at Sept. 30, 1939, equivalent to about six times annual dividend needs.

May Defer Action

Two companies which have been studying the possibility of making initial distributions on common stock, Silverwood Dairies and National Grocers may defer such action

National Grocers earnings in year ended March 31, last, showed earnings equal to $1.27 per share on the common stock before providing preference sinking fund. This figure is reduced to 79 cents on the basis of new taxes. The company will be subject to the old tax rate for the first nine months of the past fiscal year but will pay on the new basis for the final three months.

Shareholders of common stock have been showing impatience recently at the policy of conserving working capital rather than making a distribution. They were told at the annual meeting in June by Archie Foster, president, that directors would give consideration to the matter. While this company has working capital of $3.6 millions, its actual liquid position shows cash well below outstanding cheques.

Sharp Reduction

Silverwood Dairies earnings for year ended March 31, last, were equal to 52 cents per share on the common stock. On the basis of new taxes, figure is reduced to 23 cents. Arrears on the perferred stock were eliminated July 2, so directors were hopeful of being able to make an early distribution on the common. It is entitled to cumulative dividends equal to those paid on the preference, although no payments can be made while the preference is in arrears. Accumulations on the common amounted to $1.60 a share at April 1 this year.

Loblaw Margin Cut

Shareholders of the A and B classes of Loblaw Groceterias Co. stock may see the previous adequate margin of dividend coverage much reduced unless earnings rise substantially. Present rate is $1 per share, while extras of 12½ cents per share have been paid semi-annually since 1937.

Earnings in year ended May 31, 1939, were equal to $1.49 per share on the basis of old taxes. The figure is reduced to $1.26 per share on the basis of new taxes, leaving a margin of only 1 cent on basis of the current dividend policy. Report for year ended May this year has been delayed by necessity of calculating effects of the new taxes.

The company will be subject to the new taxes for the final five months of the fiscal year just ended. Unless

(Continued on page 10)

Income Tax Comparisons

(Basis: Married Persons with No Dependents)

As seven provinces as well as certain municipalities in Canada impose income taxes in addition to those levied by the Dominion and the rates in most of them are different, the total income tax paid by individuals with the same income varies considerably in different parts of the country.

The table shows the variation in the tax payable across the country. For instance, a married man with an income of $3,000 and no dependents in New Brunswick or Nova Scotia, where there is no provincial income tax, will pay $195 under the new Dominion scale. In the other provinces his tax will range from $208 in Ontario to $252 in Manitoba.

This variation in the different provincial areas was one of the arguments used by the Sirois Commission that the income tax should be exclusively under Dominion jurisdiction. This, it was felt, would be fairer to all concerned and would result in larger revenues for the Dominion.

	Dominion taxes		New Dominion Taxes Plus Provincial Income Tax Payable in†						
Income	Present	New tax*	B. C.	Alta.	Sask.	Man.	Ont.	Prov. Que. and Mtl.	P. E. I.
$	$	$	$	$	$	$	$	$	$
1,500	..	30	35	30	30	45	30	30	32
2,000	..	75	85	85	86	104	75	84	86
3,000	36	195	225	230	236	252	208	229	227
4,000	84	355	415	425	427	441	384	437	417
5,000	144	555	655	670	667	678	604	714	654
10,000	781	2,170	2,675	2,660	2,658	2,533	2,336	2,859	2,475
15,000	1,789	4,330	5,590	5,445	5,451	4,997	4,643	5,740	4,816
20,000	3,112	6,530	8,895	8,555	8,546	7,583	7,031	8,675	7,413
30,000	6,514	11,200	15,375	15,900	15,443	13,230	12,175	14,910	12,652
50,000	14,351	21,610	30,605	32,310	30,937	25,980	23,722	28,823	24,424
75,000	25,880	36,065	52,060	54,265	52,926	43,298	39,562	48,163	39,983
100,000	39,299	51,520	74,515	77,220	77,232	61,587	56,382	68,424	56,443
150,000	70,043	84,475	121,470	125,175	129,597	100,168	92,044	107,770	91,202
200,000	103,698	119,430	170,425	175,130	183,977	140,711	129,680	149,516	127,762
500,000	334,656	357,235	492,230	502,935	538,332	407,258	381,103	433,682	372,386

*Including 2% National Defense Tax. †No provincial tax in New Brunswick and Nova Scotia.

Pulp and Paper Industry

Rules Newsprint Firms Must Face U. S. Charges

Three British Columbia Concerns, Doing Business in Canada, Must Stand Trial for Alleged Price Fixing South of Border

From Our Own Correspondent

MONTREAL. — Canada's newsprint trade with the United States may be adversely affected by ruling of the Federal Court at San Francisco by Judge St. Sure. He has ruled that three Canadian paper companies charged with anti-trust violations must stand trial in San Francisco.

The three companies involved, Powell River Co., Power River Sales Co. and Pacific Mills Ltd., put forward the plea that they were incorporated in Canada, manufacturing and doing business only in Canada and consequently were not subject to the jurisdiction of the U. S. courts. This plea was turned down and the judge said he would expect as evidence their correspondence with other paper firms.

Many Are Involved

The British Columbia operators are involved with four American newsprint concerns operating on the Pacific Coast, as well as a large number of individuals.

The suit was brought by the U. S. Attorney-General's Department and has been in the courts for nearly a year. It alleges a combine to fix prices, but does not say that the price at which newsprint paper was sold was unreasonable.

Powell River Co. claimed it was not engaged in the sale of newsprint in the U. S. or to any customers there, sales being made to Powell River Sales Co., which in turn sold newsprint in Canada to its United States customers. The contract made by Powell River Sales Co. with the customer was made in Canada and title to the newsprint purchased passed in Canada to the customer.

It was further claimed that Powell River Sales Co. is an entirely independent corporation from Powell River Co., being independently owned and independently operated. It buys newsprint from firms other than Powell. It is not and has never been a subsidiary of Powell. None of the stock of either corporation has ever been owned by the other.

No Appeal Open

No appeal is open to the Canadian companies from the decision until after the criminal charge is heard and determined; whereupon the defendants are entitled, as a ground for appeal against the finding of a jury, if adverse to them, to claim that the courts were without jurisdiction and the companies were not properly served.

The decision of Judge St. Sure is not only of direct concern to operators in British Columbia, but to manufacturers in eastern Canada. The latter would be subject to the jurisdiction of an American court if the U. S. Attorney-General's Department decided to take action against them, and Judge St. Sure's ruling is sustained.

More Than We Can Eat

(Continued from page 9)

scale of rationing will be maintained.

Normally about 20% of Canada's tobacco crop must find a market in Great Britain. At the beginning of the war the Old Country had at least one year's supply of two-year-old cured tobacco on hand. Naturally, with this supply in store and a stiff premium on American exchange, Britain was loath to take her usual heavy import from the United States and showed little interest in the Canadian surplus crop either. Anxious to keep Turkey on her side imports from that country were increased. Now Turkey and certain parts of the British-controlled Africa which also produce tobacco are in a difficult shipping situation and it is expected that exports from this continent will have a better chance. There is, of course, a huge surplus waiting for Great Britain in the United States, but the premium on American funds is a factor. Canadian growers, too, have been able to reduce acreage drastically this spring. On the whole therefore the tobacco outlook is considered improved.

Ottawa Buys Apples

On the outbreak of war Ottawa took steps to relieve the apple situation. Here again a substantial export surplus is considered necessary to keep markets firm. The bulk of the Nova Scotian crop is normally exported. There is also some export from Ontario and a heavy movement from British Columbia.

Ottawa agreed to find a market for slightly over half of the Nova Scotian crop last fall, guaranteeing 65% of the average returns to growers for the last three years. This portion was canned or dried, some exported, some given away, some still held. There was also a block purchase of boxed fruit from B. C. which was turned over to the Red Cross. Despite the war there was an unexpected and substantial export of fresh fruit to Great Britain early last winter, but long before spring what amounted to a virtual embargo on both fresh and canned fruit was applied. Apples, either fresh or canned, are bulky and in wartime there is no room for shipping bulky semi-luxuries.

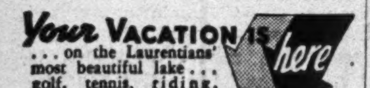
The Government apple experiment last year will probably cost taxpayers in the neighborhood of a million dollars. Definite figures are not yet available. This fall, if the war is still on, there is little chance of any export of fresh fruit and authorities are not too hopeful of exporting much dried or tinned apples either.

Unlike the wheat or hog grower the apple farmer cannot easily turn to anything else. It takes at least 12 years to bring an orchard into bearing. A hopeful factor for the apple grower lies in increased domestic consumption of fruit in various forms, fresh, dry and juice. Moreover domestic consumption of this commodity could be doubled or trebled without interfering with other farm staples. A drink of apple juice does not mean eating less meat or cheese.

In cheese there is no problem and never has been one. This is a concentrated food product which has always been valued much more highly in Great Britain than in Canada. So long as shipping is available authorities are confident that every pound of cheese Canada can produce will be wanted. With Denmark, France, Holland and Italy shut off, and a long sea haul from New Zealand, Canadian cheese producers are in a preferred position.

One factor that might alter the whole marketing situation overnight would be the entry of the United States into the war.

Like Canada the United States has also very large agricultural surpluses which at present are largely frozen due to the high premium on U. S. exchange.



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Power Output At New High

Record Production of Electricity Reflects War Expansion

From Our Own Correspondent

MONTREAL.—Pick-up in industrial operations, due directly and indirectly to the war effort, has had a marked effect upon operations of the central electric stations.

Production of electrical energy in May at 2,672 million kw.h. was the greatest output of any month to date. However, on a daily basis of 86 million kw.h., the average was second to Nov., 1939 average of 86.7 million kw.h.

All Areas Gain

All five economic areas shared in the increased production, the gain in Quebec being particularly marked as shown in the following table:

Central Station Output
May
(Thousands of Kilowatt Hours)

	1940	1939
Maritimes	80,312	74,253
Quebec	1,444,690	1,261,190
Ontario	786,756	657,326
Prairies	185,150	176,098
British Columbia	174,659	164,576
Total	2,671,567	2,333,443

Five Months Ended May

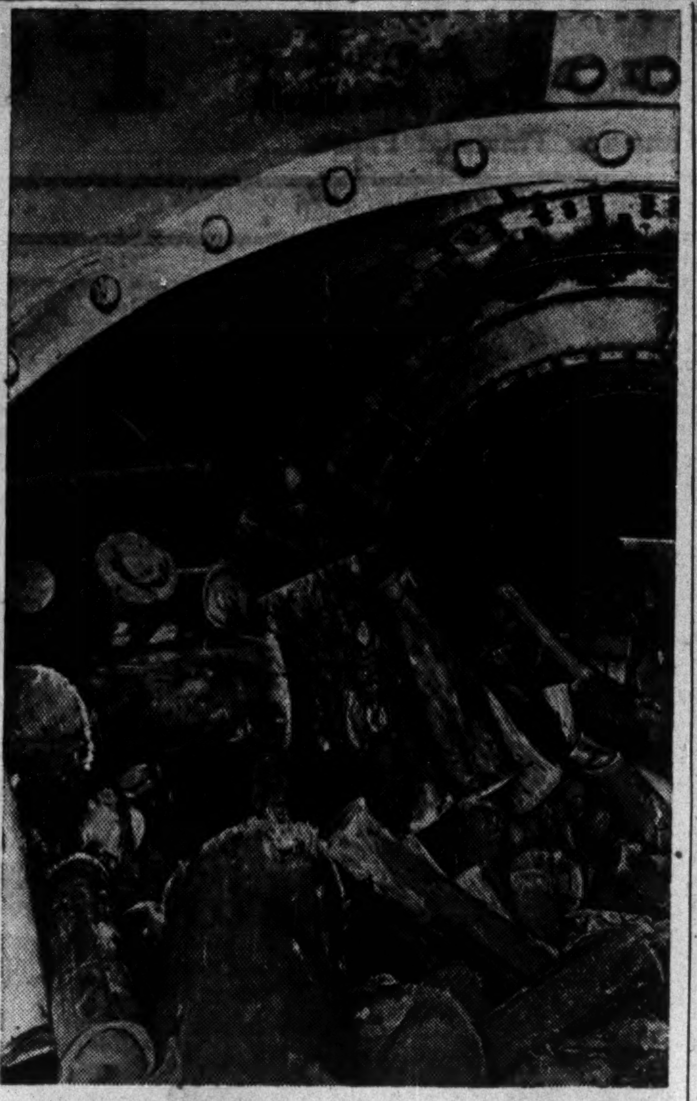
	1940	1939
Maritimes	350,280	338,784
Quebec	6,561,952	6,181,849
Ontario	3,644,921	3,226,313
Prairies	985,151	961,458
British Columbia	847,316	790,311
Total	12,389,620	11,498,715

More Boiler Power

Deliveries of secondary power to electric boilers increased from 394 million kw.h. for April to 537 million kw.h. in May but were below the deliveries of 545 million kw.h. for May last year.

Exports to the United States in May amounted to 194 million kw.h. as against 171 million kw.h. for April and 165 million kw.h. for May last year. This was also a new high record.

For the first five months of this year exports of electrical energy totalled 808 million kw.h. as against 792 million kw.h., and 716 million kw.h. for the corresponding periods of 1939 and 1938, respectively.



THE CONVERSION STAGE

This view shows pulpwood in the barking drum, one of the first stages in the conversion of pulpwood into paper. In all the mills across Canada equipment is being speeded up to meet the new and heavy demands created by the war and in this respect Canada's pulp and paper industry has been called upon to meet the needs of a large part of the world.

New U. S. Taxes Miss Canadian Investors

Canadian investors will largely escape the effects of the higher income and corporation taxes imposed in the United States by the 1940 Revenue Act. The Tax Convention of 1936 is unchanged. This leaves income from dividends, or other sources, paid to resident Canadian individuals still taxable at the old rate of 5%. This 5% is deductible at the source.

For Canadian corporations, the rate is somewhat different. On dividends received from U. S. sources by Canadian resident companies, which would include all those having no place of business in the U. S., the rate remains at 5%. But for other income received by Canadian corporations having no place of business in the U. S. the new rate is 16½%, retroactive to the beginning of 1940. Taxes at the new rate are deductible at the source of payment from June 26, 1940.

Applies to Canada

The old U. S. tax law imposed on all non-resident foreign corporations having no business or office in the U. S., a tax of 15% on all income, except dividends, which were taxable at 10%. Then there was a further provision which provided that contiguous countries having a special treaty with the U. S. would find dividend income received by their residents, whether corporations or individuals, taxed at the 5% rate. This provision applies to Canada.

Canadian corporations resident in the U. S., that is having a place of business in that country, are taxed at the regular rate of 19% of taxable income, plus the special 10% defense tax, making a total rate of 20.9% for 1940. The former rate was 18% with no defense tax.

Power Corp. Group Production Expands

From Our Own Correspondent

MONTREAL. — Controlled and affiliated companies of Power Corporation of Canada report a power output in May of 219,143,986 kw.h. This contrasts with 211,864,279 kw.h. for the same month last year, an increase of 3.44%.

Comparative output figures for the individual operators follow:

	May 1940	May 1939
Southern Canada	27,322,220	24,161,180
Canada Northern	61,040,897	62,585,864
East Kootenay	9,671,276	8,351,248
B. C. Power	47,494,725	45,100,531
Northern B. C.	1,099,468	1,008,856
Winnipeg Elec.	72,515,400	70,656,600
Total kw.h.	219,143,986	211,864,279

New Tax Hits Dividends

(Continued from page 9)

improvement is shown for the current year ending May 31, 1941, some readjustment of dividend policy may be found necessary. It will be the first full year the company will be subject to the new taxes. Loblaws shows liquid assets equivalent to about two years dividend needs.

Not As Generous

B. C. Packers has not made a distribution yet on its capital stock. The company's earnings in year ended April 30, 1939, were equal to 97 cents per share, while on the basis of the new taxation the figure is 54 cents. A better showing was made in the fiscal year just ended for which the report is expected shortly.

The company is probably more liquid now than in any period of its history, so may be in a position to consider an initial distribution in the near future In view of the new taxes and doubt as to export markets, however, it would not likely be as generous a payment as otherwise might be expected.

Likewise, in the case of Canada Bread Co., which only eliminated the arrears on its 5% B preferred $50 par value stock six months ago, any possible resumption of dividends on the common stock would be in line with reduced earnings. Earnings in year ended June 30, 1939, were equal to $13.35 on the B preferred stock, while on the basis of new taxes the figure is cut to $8.74. No common dividend has been paid since 1931. Canada Bread has a small bond maturity to meet in 1941.

Interest in Preferreds

Common shareholders of both Canadian Bakeries Ltd. and Simpsons, Ltd. are not looking for early payments, as arrears on preferred issues must first be eliminated. Arrears on the 6½% preferred of Simpsons totalled $22.62½ cents per share on May 1, and on the 5% preferred of Canadian Bakeries 75 cents per share.

The increased taxes are likely to prolong the period of time required to eliminate arrears. Canadian Bakeries will be subject to the new taxation for the final eight months of the fiscal year ending Aug. 31, next. Simpsons will pay on the basis of the calendar year, which corresponds with the fiscal period.

May Not Be Affected

The new dividend policy of Canadian Canners Ltd. may not be affected by new taxes if earnings are maintained. The company has made two distributions of 12½ cents each this year on the common stock, the first since 1932.

Earnings in year ended Feb. 29, last, were equal to $6.80 per share on the common stock. On the basis of new taxes, figure is reduced to 98 cents per share, while dividend requirements are only 50 cents at current rate.

The company will have to make some adjustment for the new taxes on the final two months of the fiscal year ended Feb. 29, last.

An accompanying table also indicates the effect on price earnings ratios by the new taxation. The decline in ratio is in proportion to the reduction to be effected in per share earnings when new taxes are paid. Sharpest drops are shown by Simpsons A and Canadian Canners common stock while the smallest declines are shown in the case of Laura Secord common and Loblaw Groceterias A stock.

PER SHARE EARNINGS AND PRICE EARNINGS RATIO UNDER NEW E. P. TAX
Table No. 1

	Per Share Com. Actual 1939 $	Per Share Com. After new taxes $	Current divid. rate $	Price-Earn. Ratio Actual 1939 %	Price-Earn. Ratio After new taxes %	Yield at curr. price %
B. C. Packers	0.97	0.54	nil	10.3	18.5	nil
Can. & Dom. Sugar	1.97	1.37	1.75	12.7	18.2	7.0
Can. Bread "B"	13.35	8.74	2.50	3.1	4.8	5.9
Candn. Bakeries*	6.14	2.89	5.00	7.3	15.6	11.1
Candn. Canners	6.80	0.98	0.50	0.9	6.1	8.3
Laura Secord	1.00	0.82	0.80	9.5	11.6	8.4
Loblaw Groc.	1.49	1.26	1.25	14.8	17.5	5.7
Nat. Grocers‡	1.27	0.79	nil	4.0	6.4	nil
Silverwood	0.52	0.23	†nil	7.2	16.3	nil
Simpsons "A"	2.28	0.33	nil	6.6	45.5	nil
Weston	1.12	0.82	0.80	8.7	11.9	8.2

* First preferred stock.

† Entitled to maximum of 40 cents per share annually, cumulative. Cumulations totalled $1.60 per share at April 1, 1940.

‡ Before providing for preference sinking fund.

INCREASED EARNINGS REQUIRED TO MAINTAIN 1939 NET PROFITS
Table No. 2

	1939 profits Before taxes $	1939 profits After new taxes $	Actual 1939 net profit $	*Earnings required to equal 1939 net $
B. C. Packers	190,683	73,392	132,802	400,000
Can. & Dom. Sugar	3,831,377	2,052,524	2,951,377	7,000,000
Can. Bread	511,370	280,997	396,370	1,000,000
Canadian Bakeries	79,348	26,416	56,064	175,000
Canadian canners	1,956,180	724,720	1,529,701	6,000,000
Laura Secord	336,787	235,751	286,787	550,000
Loblaw Groc.	1,495,253	1,046,677	1,233,253	2,000,000
Nat. Grocers	810,426	460,044	599,493	1,200,000
Silverwood	187,467	98,109	150,067	450,000
Simpsons	1,452,363	714,213	1,044,363	2,100,000
Weston	902,361	572,183	699,099	1,400,000

* Before new taxes.

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B. C. Fir Logs Exports Banned

Timber Controller Stops Long Criticized Practice —Needed Here

From Our Own Correspondent

VANCOUVER.—It took a war to halt the export of British Columbia Douglas fir logs to foreign countries.

Rising volume of export of raw logs in recent years has often been criticized by authorities in and out of the forest industry, the contention being that instead of sacrificing the timber in its unmanufactured state valuable returns in manufacturing profits and labor revenues were being lost to Canada.

The countering argument of the exporters was that the logs so exported were not immediately marketable in any other form; that if Canada would not export logs some other country would, and that Canada would lose the money involved.

Needed for Defense

Demands of the British Government and the Canadian defense department for B. C. lumber, especially Douglas fir, have recently resulted in a serious shortage of Douglas fir logs. With mills operating at top capacity the relationship of lumber production to log supply has been larger than ever before in the history of the west coast industry.

Effective July 10 the Canadian timber control headed by H. R. McMillan of Vancouver clamped a ban on all foreign export of logs from British Columbia. Japan has been the most important foreign buyer of logs in the past, although the United States has also bought to some extent. Exports of hemlock, cedar and spruce will continue, but only under close supervision.

The powers of the recently established timber control are almost dictatorial. The controller may expropriate or otherwise acquire, process, finish, store, transport, allocate, distribute, sell, exchange or otherwise dispose of any timber. He may take over plant and buildings and equipment required for the felling, processing or transportation of lumber, and set his own price on such services.

Pulp-Paper Products Loadings Heavy

From Our Own Correspondent

MONTREAL. — Pulp and paper loadings on Canadian railways show a sharp increase over that reported a year ago. During the week of June 22, 3,131 cars were loaded, as against 1,689 cars in the corresponding period in 1939.

For the current year to June 22, loadings of pulp and paper on Canadian railways have totalled 65,383 cars. This contrasts with loadings of 47,898 cars up to June 24, 1939, and with 43,956 cars up to June 25, 1938.

Appointed to Quebec Certificate Committee

From Our Own Correspondent

MONTREAL. — Announcement has been made of the appointment of L. F. Holland, of the Sun Life Assurance Co. of Canada, as Quebec Provincial Assistant to the War Savings Committee. Mr. Holland will work with Nap. Charest, provincial chairman of the Committee. He will direct the part-time services of Montreal life insurance managers in promoting sales of War Savings Certificates and Stamps.

Sale of Abitibi Plan Protested

Shareholders Make Appeal to Premiers of Ontario and Quebec

Spokesmen for shareholders in Abitibi Power & Paper Co. continue their protests against bondholders' action in having the properties offered for judicial sale. A letter has been forwarded to Premier Hepburn of Ontario and Premier Godbout of Quebec by D. H. Gibson, chairman of the preferred shareholders' committee, and R. G. Meech, chairman of the common shareholders' committee.

The letter claims that the proposed action at this time is "ill timed and arbitary injustice, calculated further to disturb the confidence of the public in our democratic system." It is claimed that foreclosure is "quite unnecessary" at present when "the property is prospering and his (the bondholder's) equity improving under the able administration of the receivership."

"Obnoxious and unjust" are terms applied to the sale proceedings and it is claimed that the "property itself is in a broad sense a concession depending on the goodwill, the order and protection of the Provinces of Ontario and Quebec." It is reiterated that difficulties can be "corrected by mutual adjustment at a more favorable period without any impairment of the bondholders' title in the interval."

U. K. Paper Mills Face Difficulties

Amalgamated Press Units Hit by Paper Control Regulations

From Our Own Correspondent

MONTREAL.—Difficulties of English paper makers in getting supplies of raw materials were outlined by Lord Camrose, chairman, at the annual meeting of Amalgamated Press Ltd. in London, Eng.

Amalgamated Press manufacturing operations are carried on through the Imperial Paper Mills, which in turn control the Gulf Pulp and Paper Co. The latter operates in Canada and has a manufacturing capacity of 60,000 tons of mechanical pulp per annum.

"Arrangements had been made before the war," said the chairman, "for the whole of this tonnage to be shipped to the company's mill at Gravesend and a freight charter had been signed accordingly. Owing to the operation of the Control, the whole of this raw material is held at the disposal of the Government and we have no knowledge of the quantity which may be available for our own use."

In the past practically all the pulp used by the English paper mills has come from the Baltic and Scandinavia. That supply has entirely ceased.

"The present situation," the chairman added, "is that the Imperial Paper Mills, whose manufacturing capacity is now nearly 4,000 tons per week, is, under present regulations, allowed to produce about 20% of that capacity. This situation is not peculiar to our mills. Every paper-making plant in the country is in the same plight."

To Tax Stock Allotment By Consolidated Paper

From Our Own Correspondent

MONTREAL.—Consolidated Paper Corp. officially reports that the Dominion income tax department has ruled that the shares now being issued in payment of interest on the first mortgage bonds due July 2, 1940, constitute taxable income and that the value for such purpose is $4 a share.

Under the arrangement entered into with the bondholders, the company has the option of paying a current half year's interest in stock, the stock being valued at $11 a share. On a $1,000 bond the company would issue five shares to cover the annual interest charge, or 2½ shares for the half year.

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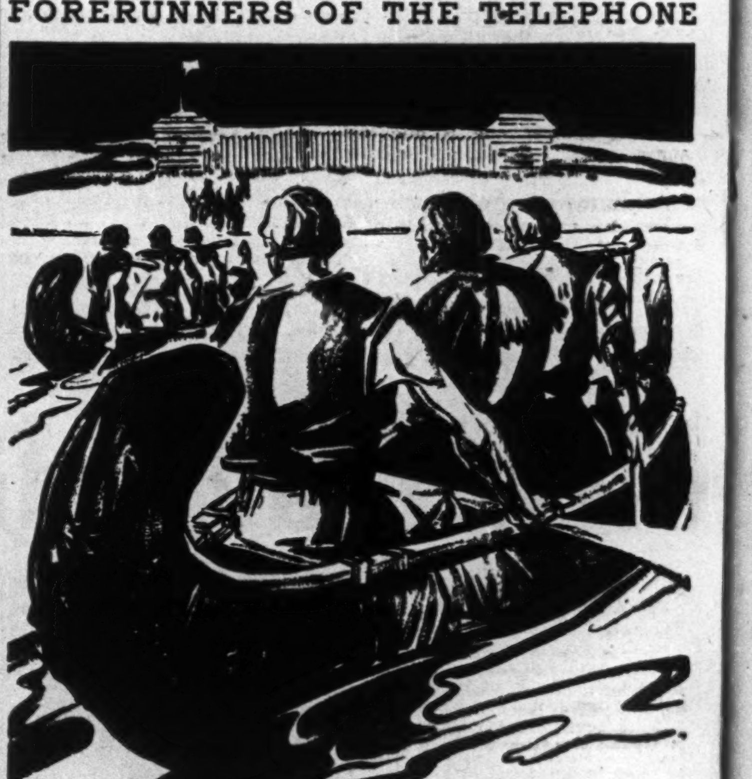

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● Before 1853, Fort Garry . . . now Winnipeg . . . had its only communication with Montreal by means of a brigade of boats carrying government mails. A report to the Postmaster General, written in 1882, says: "The arrival of the boats on the Red River about forty days after their departure from Montreal was an event anticipated with anxiety by the citizens who, in the midst of their untrodden wastes, awaited the receipt of news, many weeks old, from the outer world."

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Lake of the Woods

I notice in your story "What Should Investor Do Now?" in the June 22 issue that you show Lake of the Woods Milling Co. as paying $2 per share annually on the common stock. When did the company adopt this rate?

Lake of the Woods Milling Co. paid its first dividend in ten years on the common stock June 1. The distribution was for 50 cents per share.

In calculating the annual income from this stock, Mr. Walwyn, author of the article to which you refer, feels this company would pay during the coming year dividends which would come to approximately $2 a share, although it was not right to assume that they were on a regular quarterly dividend basis of 50 cents a share.

This assumption may prove to be wrong but on the basis of present information he thinks it will not be far out. Perhaps a better heading for this column which is now headed "Annual Income" would have been "Expected Income During the Coming Year," but limitation of space would not permit this.

Tip Top Inc.

Is the United States subsidiary of Tip Top Tailors on as sound a basis as the Canadian company? What is the outlook for its preferred stock?

Tip Top Tailors, Inc., subsidiary of the Canadian company, is a new company, having been organized only in January of last year. It is too early to judge what the ultimate results may be in connection with its business. It will,, of course, have the benefit of the same management which made the parent company a sound organization.

So far the company has operated at a loss, expenses and losses of $115,405 in 1939 having been met by the parent company through advances of working capital. An additional $70,000 in U. S. funds has been advanced since Jan. 1 last.

As the parent company holds 52% of the common stock, it will be to its benefit, of course, for the Canadian directors to give considerable of their attention to making Tip Top Inc. a successful company. The parent company unconditionally guarantees the preferred dividends during the life of the U. S. subsidiary. In any event, the guarantee is for not less than five years, subject to termination if net earnings in any fiscal year amount to two and a half times dividend requirements.

Tip Top Inc. has met dividend requirements of the $6 preferred stock. A $3 distribution was made last year, one $3 payment has been made this year and another one is due in August.

Champion Savings

Can you give me an outline of Champion Savings Corp., with particular reference to its installment savings certificates?

Champion Savings Corp. sells installment savings certificates, on which the purchaser is required to make regular deposits or payments, to accumulate a definite sum at the end of the fixed period, usually 15 years. A period of seven or eight years is required for accumulations to equal total payments.

Until cash surrender values reach the amount of the payment which the purchasers have made, a loss, depending on the length of time in which the certificate has been in force, would be suffered if default was made.

There is a provision in the certificates whereby payment can be postponed for a period not longer than the two years. During the time of postponement no interest is allowed on previous deposits. On resuming payments, the purchaser can either make up back payments or the certificate is lengthened in period of time to maturity by a corresponding amount. Optional settlements at maturity are provided whereby payment can either be made in a lump sum or in a series of payments according to the purchaser's desires and needs. Commencing operations in Alberta in July, 1932, the company is now licensed to transact business in practically every province in Canada with the exception of Ontario. Head office was moved from Edmonton to Montreal in 1938 and name of the company changed from Champion Mortgage Corp. to Champion Savings Corp.

The company contracts to place all amounts necessary to provide for maturing certificates with the Prudential Trust Co., Montreal. Champion Savings may be regarded in reality as a sales organization and if it were to cease operations, principal and interest would accrue for the benefit of the certificate holder who could, if he desired, complete his payments directly to the trust company. Investments are restricted to those permitted to trustee funds and securities purchased by the trust company are subject to approval of Champion Savings Corp.

The company has not yet issued its report for 1939, but at the end of 1938 reported an increase of 27% in deposits for 1939 over those for 1937. Volume of new business on the books was increased by about $2.8 millions. The company is required to keep a minimum of 110% of the cash surrender value of its outstanding certificates on hand at all times but reports it has always maintained a considerably larger proportion than this.

Pacific Western Inv.

What is the position of the preferred stock in Pacific Western Investment Co. as an investment?

Pacific Western Investment Co. apparently got into some difficulties last year. Its principal holdings include an 82% interest in West Canadian Hydro-Electric Corp. and a 65% interest in Pacific Power & Water Co.

The company has paid no dividends on its 5% preferred stock since Sept. 1 last. As of June 1, arrears totalled 37½ cents per share. Previous to last year, dividend payments had been made regularly from the date of organization in 1935.

Pacific Western is entitled to dividends from the second preferred stock held in Pacific Power & Water, this stock being six months in arrears as of July 1. West Canadian Hydro has been meeting dividend payments regularly, so there has been no interruption in revenue from this source.

A few months ago, a shift was made in board of directors of Pacific Western. It is too early to say whether or not the new management will be able to re-establish the former earnings level of this company.

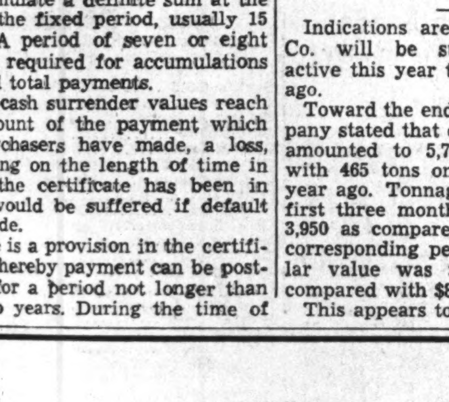
Hamilton Bridge

What are the prospects for Hamilton Bridge Co. for the second half of this year?

Indications are Hamilton Bridge Co. will be substantially more active this year than it was a year ago.

Toward the end of April the company stated that orders on its books amounted to 5,750 tons compared with 465 tons on the same date a year ago. Tonnage sales during the first three months of 1940 totalled 3,950 as compared with 834 in the corresponding period of 1939. Dollar value was $586,148 this year compared with $88,449.

This appears to indicate that, this year, the company should probably report a net profiit compared with a loss of $82,744 in 1939. A reorganization in 1939 resulted in a new issue of common stock replacing existing preferred and common shares while the balance sheet figures were written down to values more in line with present day conditions.



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Abitibi Hearing

How did you interpret Mr. C. R. Magone's remarks to the court re Abitibi Co.'s timber rights?

Statement of C. R. Magone at the recent court hearings on the sale order for Abitibi indicated that the province had exercised its right under the agreement of 1939 whereby cancellation of certain timber limits on six months notice was possible. If Abitibi really loses these limits it will leave it with inadequate supplies of pulp wood and would undoubtedly jeopardize the company's position to operate successfully.

Justice Middleton appeared somewhat critical of the province's attitude in this matter. The Ontario Courts on June 21 denied leave to appeal from the order calling for advertisement of Abitibi's properties for sale in October.

International Utilities

Is International Utilities Corp. going ahead with reorganization plans?

So far as we are aware International Utilities Corp. is proceeding with plans for a reorganization. As announced when the company filed application to reorganize with the Securities and Exchange Commission, this plan chiefly affected the clases A and B common shares which would be consolidated into one type of stock.

The plan provides for the issuance of new $5 par value common stock. It is proposed to reclassify each share of class A stock into five new common shares and each share of class B into one fifteenth of a share of new common. Capital surplus would be used to pay arrears of dividends on the company's $1.75 preferred stocks.

It is expected shareholders will be notified of exactly what the plan will be after the hearings before the S.E.C. are completed.

Tip Top Ltd.

I would like to have your comment on the 7% preferred stock of Tip Top Tailors, Ltd. Is it a sound investment?

The record of the 7% preferred stock of Tip Top Tailors, Ltd. has been sound. Only one quarterly dividend has fallen into arrears since the company was organized in 1928, and only in two years, 1932 and 1933, were the full preferred dividends not earned. Arrears were wiped out in 1935.

A feature of the company is its sound management. This dates back to many years before the present company was organized.

Current operations are at capacity and have been that way, for the most part, since shortly after the outbreak of war. The company is a major unit in the Government orders for uniforms for the armed services. It should be remembered that this is not part of the company's normal business. On the other hand, with reasonably good business conditions, the company has demonstrated a sound earning power from civilian business.

While the new Dominion Government's excess profits tax will naturally reduce the company's margin of profit, this will be of more direct bearing on the common rather than the preferred stock. It should be noted that, based on 1939 earnings, profits are reduced from $253,004 to $217,014 by imposition of this tax.

Jamaica Utility Altering Shares

Shareholders to Consider Adjustment on July 12

From Our Own Correspondent

MONTREAL.—A special general meeting of the shareholders of Jamaica Public Service Co. will be held in Montreal on July 12 to consider an increase in the company's capital. A further special general meeting will be held on July 29 in Montreal to receive a report on the proceedings of the first meeting and to confirm proposed resolutions.

It is proposed to increase capital from $2.5 millions to $3 millions, with a sterling equivalent of $4.86 2/3. Proposal calls for cancelling of 21,370 of 5% cumulative preference class C shares of £1 par value and one 5% class C preference share of 14s. 7d. par value, which are unissued. It is proposed also to issue one 5% cumulative preference C share of 17s. 3½d. par value, 124,109 of 5% cumulative preference B shares of £1 par value, in addition to one 5% cumulative preference D share of 11s. 9½d. par value.

New class D preference shares will be preferred over ordinary as to dividends and repayments of capital, and will rank pari passu with the 7% cumulative preference B shares and the 5% cumulative preference B shares as to dividends and repayment of capital, with regard to the higher dividend rate on the 7% preferred B shares.

Proposed capitalization of the company is as follows;

Proposed Capitalization

	Shares
7% cum. pref., $100 par	7,500
7% cum. pref. B, £1 par	66,369
7% cum. pref. B, 17s. 3½d. par..	1
5% cum. pref. C, £1 par	66,369
5% cum. pref. C, 17s. 3½d. par ..	1
5% cum. pref. D, £1 par	1,249,109
Ordinary, $5 par	200,000
5% cum. pref. D, 11s. 9½d. par..	1

Can Hitler Ruin Gold?

(Continued from page 9)

tween nations, somewhere there must be a final resort.

Second, gold is the traditional international token of value. For centuries it has been the commodity that has been shipped back and forth between countries as the means of balancing trade books.

Third, nobody has thought up any means of doing this job in a way that is generally conceded to be more practicable. As U.S. Secretary of the Treasury Henry Morgenthau has said, "This war demonstrates, if any demonstration were needed, that gold constitutes the best form in which foreign exchange resources can be held."

Of course, most of the important countries now have stabilization funds—sizeable sums of foreign exchange primarily devoted to maintaining a fairly stable relation between the currency of their own country and the rest—but for practicability and simplicity, Mr. Morgenthau's words that gold is the best means of getting this job done can be and are generally accepted.

So far, there isn't so much gold being produced that nations find they can't handle all that comes to them. It is indestructible. It carries a great deal of value in very little space. It can be readily weighed; its purity is readily ascertainable and it is precisely the same product everywhere in the world. It is simply the most practical commodity for the required job.

But remember, if the United States Congress should some day decree that the American dollar was worth, not 1/35th of an ounce of gold, but 35 sheep, then, unless, they also decreed that 35 sheep were equal in value to something else, ships from Europe would be debouching into Manhattan millions of sheep and the monetary world would go mad trying to find enough of the animals to pay debts with, and to find out what breed, weight, and state of health a sheep must have to equal a dollar.

What Has War Done to Gold?

Let us assume almost the worst possible: that the war stops with Hitler dominating what he now holds.

It is generally expected that when the machine guns and tanks are finally put away, then the trade war will begin; that Hitler would drive on missionizing, and trying to make Nazi converts and winning the world for Hitler by the very persuasive and pervasive weapons of trade.

Not only might the rules of world trade be changed. But for that part that Hitler does or hopes to control—and that's a great deal—the very aims of world trade may be different. Need and profit—the aims of trade as we understand and practise it may well give way to the political aims of winning Nazi converts. Sewing up markets such as in South America and the Orient to bring countries and peoples under the influence of the Swastika; to lock out nations such as Britain and United States and the rest which were enemies during the war of shot and shell: those are almost certain plans in the Hitler book.

In a world of that kind of trade, it is quite conceivable that Britain and the United States will resort to the same tactics; will take up the Hitler game and try to beat him at it. That would mean a perpetuation and extension of the barter deals which have been made in a few cases, of the blocked currency tricks, of a big code of do's and don'ts for traders about where and what to buy, and all the other paraphernalia of totalitarian trade.

The barter system of trade very roughly means that United States would agree to give Canada $100 millions worth of machine tools in return for $100 millions worth of newsprint. The difficulties of making similar neat, clear-cut agreements throughout the whole gamut of commodities entering into foreign trade are obvious. Under private ownership of farms and factories, this system is practically impossible.

Even Hitler and Stalin know that. The first thing Hitler troops do in a conquered country is to snatch all the gold they can find. There has to be some kind of a token of wealth with which to settle the multitudinous tag ends of international trade debts. The majority of trades require it. Only occasionally is it possible, for purely practical reasons, to work out deals where two cows will be given in return for one bicycle.

Only Two Conclusions

Hence, there seem to be only two conclusions about the probable effect of current European developments on gold.

First, the Nazi victory over western Europe, and the collapse of the string of countries which were popularly regarded as "friends" of gold need not be construed as a blow for the yellow metal. In none of these countries has gold been serving its traditional and supposed function of assuring a sound currency, of being a balance wheel to offset the ups and downs of economic activity, of moderating and correcting price fluctuations.

Second, gold's function as a token of wealth for the settling of trade books internationally has abundant practical reasons to justify its continued use and no questions of economic or political theory are involved to take away from those practical advantages. Just as a hammer, so far, has been found the best tool for driving a nail, so gold, so far, is the handiest way of "making change" between nations.

Furthermore, there isn't much argument about the point.

Here's what the Nazi paper says about the currency that is going to be established throughout western Europe—provided Hitler's success holds: (I quote the translation of the New York Times dispatch, June 25).

"Currency in the 'new Europe' envisaged by the Germans following a victorious conclusion of the war is to be based as in the Reich, on the 'productive achievements of labor' . . . . The gold standard will henceforth interest Germans only from the historical standpoint. It will be used to equalize balances of clearing agreements in international trade, but its renaissance as a standard for currency is impossible, because, first, the nations will no longer permit their economic life to be dictated and guided by a super-national factor, and second, because all the necessary prerequisites for the material functioning of the gold standard have now ceased to exist—that is to say, because it has become impossible to bring together a concert of nations willing to observe the rules of the game' . . . The primary value of the monetary unit will be determined by the measure of production of the national economy . . . 'There is no need to strain the imagination to picture a continental currency . . . The money that we and other nations possess lies in the achievement of our productive labor. The coal that we possess is worth more than any golden treasure.' "

There is one serious misconception in the Nazi article. It concerns the use that we make of gold. Their writer apparently hasn't heard much about our money system the past few decades. Not since before the last war have the democracies given gold a position where it "dictated" economic life, determined or was supposed to determine the speed of business activity, the tone of prices or anything else.

Why Its Functions Reduced

Why did gold lose its old function as the balance wheel of the nation's economic system?

New conditions. New needs.

Gold or the gold standard could only serve its presumed traditional function when it was allowed to operate completely automatically. The neat theories of the 19th century economists could prove that if gold were handled properly and allowed to pass back and forth between nations freely and as required by the "natural laws" of economics, then all would be well; inflations and deflations would be quickly moderated and never get out of hand; prices would teeter up and down as the economic welfare required speeding up or slowing down.

The first major breakdown of the gold standard was in the war of 1914-18. The convertibility of currency into gold was suspended, movements of the metal were controlled and exchange rates also to a considerable degree. By 1925 to 1931, a sort of gold standard reappeared. But as Professor Plumptre has written: "It was a rather a corpse of its former self—for its fundamental spirit—the life of laissez faire was lacking. Exchange rates were indeed stabilized, for monetary authorities bought and sold gold at fixed prices. Thus they took steps to be on the gold standard, but they seldom took the necessary steps to stay on the standard."

In 1931, because she was losing gold at an apparently catastrophic rate, Britain left the gold standard. In 1933 the United States abandoned the standard. France, the last strong-hold of the standard, forsook it in 1936.

Since it takes at least two countries to work a gold standard and since nobody but United States was willing to try to work it, the thing has obviously been suspended, a confused fiction in the popular mind.

Today's real gold problem, then, is much less what Hitler or Stalin say and do about gold than what United States does about it.

Too Many Chips in U. S.

To go berserk on metaphors, Uncle Sam has too many of the chips and also has the bull by the tail. He has to go on taking all the gold that is offered because if he didn't, his foreign trade would be seriously damaged and he is a great foreign trader. If he lowered the price paid for gold, that would also hurt his business both inside and outside the country and would not stop the flow of gold to his vaults. It would also be extremely delicate politically since it would look as though he were throwing away billions of dollars, hoisting the national debt—all without being able to show that anybody benefitted. That's a sort of move that politicians in a democracy just don't make.

Redistributing the chips so that the game can go on—getting gold back into the exchequers of the countries which have too little or none of it—is the real problem.

Used in Reconstruction?

The Washington observers, Whaley Eaton, express an opinion that is cropping up in a good many informed circles: that reconstruction of Europe following the war might be assisted by United States gold; that gold might be provided in return for abandonment by Hitler of his barter system and agreement by him to trade along the more conventional rules.

But it will take more than a mere redistribution of the chips to provide any real solution. Under present circumstances, that would mean that the gold would immediately start flowing back to America again. It would be simply putting the toboggan at the top of the hill for another run down.

Peace in Europe would immediately afford some measure of improvement. It could be expected to stem the flow of flight capital from Europe to America; also to see the start of a homeward movement which would start a gold flow back to Europe.

But there is still the basic difficulty of the gold piling up in America because Uncle Sam sells more than he buys in the world markets. How can he be converted from a net exporter to a net importer?

Dropping the United States tariff barriers would help a very great deal. After 1929, when she got scared, United States, along with Britain and France, hoisted her tariff walls. In trade agreements made since then United States has cautiously written exchange clauses so that a foreign trader like Denmark, for instance, could not depreciate its currency in terms of U. S. dollars so as to counteract the prohibitive effect of the tariff. The war clause fortunately has not been put into effect against Canada.

As a matter of fact, it was this wall-building by those three great trading nations that dammed up Germany's vital export trade, started the drain on Germany's gold reserves and virtually forced the Reich to concoct the barter scheme of doing international business. Even the Nazis admit that they turned to barter not because they liked it, but because they had no alternative.

Began With Versailles

The ex-Premier of ex-France, Paul Reynaud, declared not long ago that the basic fault of the Versailles Treaty was in trying to make the economic boundaries of Europe follow the political boundaries; of laying the broad and firm foundation for economic nationalism that could lead only to disastrous and confused barriers to the sensible functioning of world trade. The United States Secretary of State Cordell Hull has for years been championing "the natural flow" of trade; destruction of its barriers.

The shape of things to come—in politics and trade—is a guess this writer isn't going to make. At the same time, a Hitler dominated Europe probably give United States a mighty race for world trade.

The United States has promptly "frozen" the gold and other credits lodged in America and belonging to governments, institutions and individuals of conquered countries. But how long will these gold and credit supplies remain frozen? Hardly after a peace! Hence, Hitler might still assuming about the worst possible pacification—achieve his boast of having enough gold to be able to get along without barter if he feels like it.

But the basic fact remains: settling international books will be an essentail job in any sort of world we can now conceive; and, so far, nobody has found a neater, more suitable tool for the task than gold.

Remember, the Nazis value gold just as much as we do. But their approved fifth column technique is to keep you worried.

Don't fall for it.

Gold and the democracies both have assurance of victory.

Sandwich East Plan Approved

Old Debentures to be Retained — New Coupons Ready Next Month

Approval has been given by the Ontario Municipal Board of a refinancing plan for Sandwich East Township, Ont. Present debentures are to be retained while preparation of new coupons is going forward. These are expected to be available about the end of August.

The plan, as approved, is substantially the same as originally prepared by the Debenture Holders Committee, of which F. L. Hancock is secretary. Main details are as follows:

1. Arrears of interest on all debentures to Nov. 20, 1939, to be cancelled.

2. Interest on all debentures for five years Nov. 20, 1939, to Nov. 20, 1944, to be paid on account at the rate of ¾ of 1% per annum on Nov. 20 in each of five years, 1940-44.

3. Repayment of all principal indebtedness past due or becoming due up to Nov. 20, 1944, and totalling $2.3 millions, would be extended to that date.

Arrears of interest to Nov. 20, 1939, on all other debts, except a preferred claim for $191,964 (principal and interest) of the Provincial Bank of Canada, are to be cancelled. Payment of principal is extended to Nov. 20, 1944.

An amount of $100,000 is to be paid forthwith to the Provincial Bank on account of its claim. Balance is to be paid within the five-year period ending Nov. 20, 1944, and during such period the unpaid balances will bear interest of 3%. Other claims of the bank, totalling $182,919, will be settled with other ordinary claims.

Interest will be paid at the rate of ¾ of 1% on all other indebtedness but the preferred bank claim.

The township is to provide a sum of not less than $25,355 in each year to service debenture and other indebtedness—not including the preferred bank claim, for which special provision is made. Any balance can be applied to buying in principal on the open market.

Sandwich East has been in default of payment of debentures since 1932. In recent years, it has been administered by the Department of Municipal Affairs Act.

TRANSFERS BUSINESS

W. M. Macdonald & Co. has made arrangements with Aird, Macleod & Co., members of the Toronto Stock Exchange, to handle the business of the former firm for the duration of the war. Mr. Macdonald is on active service with the Canadian navy. Grant D. Crewe, with W. M. Macdonald & Co. for a number of years, has joined Aird, Macleod & Co.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

CANADIAN SECURITIES
Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing
DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

C. P. R. 9-day Earnings Show 47.1% Increase

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co. reports an increase in gross earnings of $1.5 millions or 47.1% in the nine-day period ended June 30, against the same period last year. Total earnings amounted to $4.7 millions, compared with $3.2 millions.

Cumulative gross income in the year to June 30 totalled $75.4 millions, an increase of $13.6 millions, or 22% from earnings in the same period of the previous year.

An increase of $1.7 millions or 36% is reported by C.N.R. in gross earnings for the nine-day period ended June 30. Gross amounted to $6.6 millions, compared with $4.8 millions.

Cumulative gross earnings of the railway in the year to June 30 amounted to $113.7 millions an increase of $26 millions or 29.6% over the same period in 1939.

PARTNER RETIRES

From Our Own Correspondent

MONTREAL.—Hansons & Macaulay has advised the Montreal Stock Exchange that Philip A. Cumyn is leaving the services of the company to enter the R.C.A.F. He retired from partnership at June 29. The business will be continued under the same firm name and style with present officers.

CITIES RISE

on Savings

Savings of thrifty people like you and your neighbor built the city in which you live . . . its homes, its factories, its great buildings. Since 1855, the Canada Permanent has been helping people to save, and has been providing the funds which make construction possible. Firm faith in Canada, coupled with sound judgment, still governs the policy of the Canada Permanent. It is ready to serve YOU.

CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

Banking Service
1817-1940
BANK of NEW SOUTH WALES
Head Office: Sydney, Australia
General Manager: SIR ALFRED DAVIDSON, K.B.E.
Assets of £130 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.
London Offices at 29 Threadneedle St., E.C.2, and at 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

IF THIS GUTTA PERCHA BELT COULD TALK—It would say—"*I'm old enough to vote*"

"I'm 25 Years old and still going strong"

"YES—and wise enough to vote for Gutta Percha quality. I was installed on the main drive at the Mohawk Lumber Company plant at New Westminster, B.C., in 1915. I have been in continuous use ever since. I am still delivering full service after 25 years."

This Gutta Percha quality results from the traditional British way of doing things painstakingly and thoroughly.

Gutta Percha builds Extra quality into belting, hose, moulded rubber goods, hard rubber products, mechanical rubber goods, tires and footwear.

GUTTA PERCHA
THE STANDARD OF QUALITY

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OVER 57 YEARS EXPERIENCE

GUTTA PERCHA & RUBBER, LIMITED
Branches Across Canada
HALIFAX • ST JOHN • QUEBEC • MONTREAL • OTTAWA
TORONTO • LONDON • WINNIPEG • REGINA • SASKATOON
CALGARY • EDMONTON • VANCOUVER • VICTORIA

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 8

Range 1940 High	Low	Div R'te $	July 6 Y'ld %		Sales	Last July 1	Week end. July 8 H	L	Cl'se
52½	20	.	...	St. Law. Pap. p.	....	(25 bid 30 asked)			
14	7½	$1.25	..	Stand. Chem.	....	(8 bid 10 asked)			
2	½	.	...	Stand. Clay	....	(— bid 2 asked)			
2.00	.35		...	St. Pav. & Mat.	100	.50	.50	.35	.35
6½	3½	31½c	...	Do. pref.	50	3½	3½	3½	3½
48	39	3	6.2	Stand. Steel, pf.	....	(— bid 48 asked)			
28½	22	60+60c	5.4	Stedman Bros.	....	(— bid 24 asked)			
86½	61½	1.75‡	6	Steel of Can.	739	62½	63	61½	62½
83	62	1.75	2.7	Do. pref.	185	65	65	64	64
4	3	.	...	Sterling Coal	....	(3 bid 3½ asked)			
•.20	.10		...	Stop & Shop	....	(— bid .25 asked)			
12½	10	80c	8	Stuart, D.A., pf	....	(— bid 11 asked)			
3½	2½	.	...	Supersilk H.A.	....	(— bid 3 asked)			
4½	4			Do. (B)	....	(4 bid — asked)			
82	78½	5	6.2	Do. pref.	....	(— bid 80 asked)			
34	31	1+50c	4.8	Sup. Pete. ord.	....	(— bid 40 asked)			
•37½	35	1+50c	4	Do. com.	....	(32 bid — asked)			

T, U, V

Range 1940 High	Low	Div R'te $	July 6 Y'ld %		Sales	Last July 1	Week end. July 8 H	L	Cl'se
12	8½	80c	8.9	Tamblyn	45	8½	9½	9	9
53	52½	2.50	4.8	Do. pref.	....	(52½ bid — asked)			
3	2	.	...	Thayers	....	(1½ bid 3 asked)			
36	28	3.50	11.7	Do. pref.	....	(— bid 30 asked)			
1.25	.20	.	...	Thrift Stores	....	(1 bid 5 asked)			
12	6	.	...	Do. pref.	75	8	12	10	10
13½	11	60c	5.4	Tip Top Tailors	....	(8½ bid 10 asked)			
110	104	7	6.7	Do. pref.	....	(100 bid 105 asked)			
3	2	.	...	Tooke Bros.	....	(1 bid — asked)			
12	6	.	...	Do. pref.	....	(5 bid — asked)			
32	16	1	6.2	Tor. Elevators	25	19	16	16	16
49½	43	2.62½	5.8	Do. pref.	....	(35 bid 46 asked)			
90	70	4	5.7	Tor. Gen. Tr.	1	76	70	70	70
98	90½	5	5.5	Toronto Mtge.	....	(— bid 88 asked)			
160	145	7	4.8	Tuckett Tob. p.	60	150	145	145	145
2½	2	.	...	Twin City	....	(1 bid 3 asked)			
28	28	.	...	Do. pref.	....	(— bid — asked)			
17	12	80+20c	7.7	Union Gas	635	13	13½	12½	12½
13½	12	§40c	..	Un. Amuse. A.	....	(— bid — asked)			
12½	11½	§40c	..	Do. (B)	....	(— bid — asked)			
•1.05	.90	.	...	Un. Cigar-W.	....	(— bid — asked)			
.85	65		...	United Distill.	....	(.70 bid .75 asked)			
42	30	3	9.1	United Fuel, pf.	65	30	33	31	33
10	3½	.	...	Do. B pref.	40	4	4½	4½	4½
5½	2½	.	...	United Secs.	....	(— bid 5½ asked)			
6½	2½	.	...	United Steel	810	3	3½	3	3½
4½	1½	.	...	Viau Bisc.	381	3½	3	3	3
60	47	5	10.6	Do. pref.	3	50	47	47	47

W, Y, Z

Range 1940 High	Low	Div R'te $	July 6 Y'ld %		Sales	Last July 1	Week end. July 8 H	L	Cl'se
37	24	§1.38	...	Wabasso Cot.	....	(23 bid — asked)			
43½	29½	4	12.9	Walker-Good.	551	31	31½	30½	31½
20½	16	1	5.8	Do. pref.	552	17	17½	16	17
1.25	.65	.	...	Walkerville Br.	400	.65	.75	.65	.75
120	120	7	5.8	W. Koot. Pr. pf.	....	(— bid 125 asked)			
5	1½	.	...	West. C. Flour	....	(1½ bid 3½ asked)			
47	37	.	...	Do. pref.	....	(21 bid 25 asked)			
62	40	3	7.5	West. Grocers	....	(— bid 60 asked)			
110	103	7	6.6	Do. pref.	....	(112 bid 125 asked)			
•11	10½	50c	4.5	W'minster Pap.	....	(— bid — asked)			
15	9½	80c	8	Weston Ltd.	475	9½	10	9½	9½
99	76	5	5.9	Do. pref.	....	(76 bid 90 asked)			
24½	16	1	6.2	Wilsils	....	(15 bid — asked)			
2.63	1.00	.	...	Winnipeg El. A.	235	1.00	1.10	1.00	1.00
2.37	1.00	.	...	Do. (B)	5	1.15	1.00	1.00	1.00
12	5	.	...	Do. pref.	....	(4½ bid 6 asked)			
85	80	7	10	Wood, A. & J. p	....	(60 bid 90 asked)			
70	30	.	...	Woods Mfg., pf.	....	(— bid 50 asked)			
11	6	20c	...	York Knitting	....	(5 bid 6 asked)			
•100	100	7	7	Do. 1st pref.	....	(— bid — asked)			
13	8½	.	...	Zellers	20	8½	8½	8½	8½
25	22	1.50	...	Do. pref.	....	(21½ bid 24 asked)			

Quotations: • 1939. * 1938.

▲ On account of arrears.

b New York quotations.

‡ Plus extra of $2 paid Feb. 1, 1940. ▪ Participating.

† Interim. § Paid or declared payable in 1940 to date.

Mining Stocks

Week Ending July 8, 1940

A

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
1	.01½	.00½	Afton	......	(.00½ bid .00¾ asked)			
No	.38	.10	Aldermac	3,850	.13	.12	.10	.10½
1	.06½	.01½	Amm. Gold	......	(.01½ bid .01¾ asked)			
No	2.00	1.47	Anglo-Huronian	40	1.50	1.47	1.47	1.47

P, Q, R

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
No	2.35	.78	Pamour	300	.81	.85	.80	.85
1	.10½	.02	Pandora	19,600	.03	.06	.03½	.04
1	2.65	1.55	Pato Cons. G.	......	(1.50 bid .... asked)			
1	.10	.02	Partanen Mal.	3,100	.03	.02½	.02	.02
1	.02	.00½	Pawnee Kirk.	......	(.00½ bid .00¾ asked)			
1	.53	.20	Paymaster	14,600	.20½	.22	.20	.21
1	2.35	.90	Pend Oreille	2,050	1.31	1.30	1.18	1.18
1	2.12	1.01	Perron Gold	2,450	1.11	1.15	1.08	1.11
1	4.30	2.12	Pickle Crow	3,940	2.18	2.20	2.12	2.15
1	2.35	1.45	Pioneer Gold B.C.	1,690	1.46	1.60	1.45	1.60
1	14.50	13.00	Placer Devel.	......	(.... bid 10.50 asked)			
1	2.18	.58	Powell Rouyn	950	.70	.65	.58	.58
1	1.42	.75	Premier Gold	2,350	.75	.80	.75	.75
1	2.40	1.30	Preston E. Dome	9,580	1.39	1.42	1.38	1.42
No	.35	.23	Prospectors Air's.	......	(.15 bid .25 asked)			
1	.42	.20	Quebec Gold	500	.23	.20	.20	.20
No	.08	.04	Quemont	......	(.04 bid .... asked)			
No	.08½	.01	Red Crest	......	(.01 bid .04 asked)			
1	.57	.12	Reno Gold	1,000	.15	.12	.12	.12
1	.26	.20	Reeves McDonald	......	(.26 June 7)			
1	.00½	.00½	Robb Montbray	......	(.00½ bid .01 asked)			
1	.06½	.02½	Roche Long Lac	......	(.03 bid .04 asked)			

S, T, U, V, W, Y

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
1	2.50	1.25	San Antonio	1,514	1.40	1.50	1.40	1.50
1	.15	.05	Sand River	500	.06	.06	.06	.06
1	.57	.10	Senator Rouyn	5,100	.14	.16½	.15	.16½
1	.08½	.01	Shawkey	......	(.01½ bid .03 asked)			
50c.	1.24	.80	Sheep Creek	600	.85	.80	.80	.80
1	1.18	.50	Sherritt Gordon	8,703	.52	.53	.50	.52
1	6.75	4.00	Sigma Mines	775	5.00	6.00	5.40	5.75
1	.95	.60	Siscoe	7,670	.62	.65	.60	.60
1	.61	.20	Sladen Malartic	3,440	.25	.28	.23	.26
1	.07½	.02½	Slave Lake	......	(.02½ bid .03 asked)			
1	.21	.07½	St. Anthony	7,500	.09	.09	.07½	.07½
No	3.10	1.05	Steep Rock	6,847	1.09	1.15	1.07	1.10
No	.08½	.03	Straw Lake	10,500	.03½	.03½	.03½	.03½
1	.21	.09	Sturgeon River	......	(.10 bid .... asked)			
No	2.95	.80	Sudbury Basin	90	.95	.80	.80	.80
1	.08½	.04	Sudbury Contact	......	(.... bid .05 asked)			
1	1.02	.45	Sullivan Cons.	2,020	.50	.60	.48	.52
1	3.45	1.90	Sylvanite	2,735	2.00	2.05	1.95	2.01
1	4.15	2.40	Teck-Hughes	1,550	2.50	2.60	2.50	2.60
1	.08½	.02½	Temiskaming	500	.03	.03	.03	.03
1	1.90	1.00	Toburn Gold	1,200	1.00	1.05	1.00	1.01
1	.35	.09	Towagmac	466	.09	.10½	.10½	.10½
1	1.12	.25	Uchi Gold	2,450	.25½	.30	.25	.28
.	97.00	64.00	Do., Bonds	$500	65.00	64.00	64.00	64.00
1	.97	.54	Upper Canada	25,930	.65	.71	.65	.70
No	4.35	1.75	Ventures	1,130	2.05	2.05	1.95	2.00
No	6.05	2.70	Waite Amulet	1,602	2.75	2.80	2.70	2.80
1	.16	.06	Wendigo	100	.08	.08	.08	.08
1	.03½	.01½	Wiltsey Coughlan	......	(.00¾ bid .02 asked)			
1	.32	.08	Wood Cadillac	3,600	.08	.09	.08	.08
No	8.25	4.70	Wright-Hargreaves	5,215	4.95	4.90	4.70	4.90
No	.07	.04	Ymir Girl	500	.07	.05	.05	.05

Oil Stocks

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
No	.06	.03	Acme Gas & Oil	......	(.03½ bid .04½ asked)			
1	.21	.05½	Alta. Pac. Cons.	650	.07½	.09	.08	.08
1	.22½	.10½	Ajax	......	(.10 bid .11 asked)			
No	1.03	.40	Anglo Canadian	3,800	.52	.60	.50	.58
No	.07	.06	Anaconda	......	(.03 bid .... asked)			
No	.18	.06	Br. Dominion	......	(.08 bid .10 asked)			
No	.19½	.06½	Brown Oil	500	.08	.08	.08	.08
100	75.00	65.00	Do., pref.	......	(45.00 bid .... asked)			
No	2.39	1.00	Calgary & Ed.	1,565	1.30	1.30	1.10	1.30
1	.47	.18	Calmont	1,775	.23	.25	.24	.24
No	.33	.15	Commoil	......	(.19 bid .25 asked)			
No	.32	.10	Common Pete	......	(.16 bid .... asked)			
No	.55	.20	Dalhousie	600	.20	.25	.22	.22
No	.35	.12	Davies Pete	12,574	.13½	.16	.12½	.13
No	.08	.03	East Crest	3,000	.03	.03½	.03	.03½
No	.26	.15	Extension Oil	2,000	.16½	.16	.16	.16
No	.40	.35	Federated Pete	500	......	.40	.35	.35
25c.	.09	.05½	Firestone Pete	100	.05½	.05½	.05½	.05½
No	1.05	.30	Foothills	1,100	.40	.40	.36	.40
25c.	.11	.06	Foundation Pete	500	.06	.06	.06	.06
No	.18	.17	Hargal	......	(.... bid .20 asked)			
No	.19½	.07	High Sarcee	2,000	.07½	.10	.09½	.09½
No	3.10	1.30	Home	8,910	1.50	1.65	1.45	1.55
1	.07½	.01½	Homestead O. & G.	......	(.02½ bid .03 asked)			
No	.14½	.05	McD. Segur	......	(.07 bid .08 asked)			
1	.30	.16	Model	......	(.13 bid .20 asked)			
25c.	.09	.04½	Monarch Royalties	300	.06	.05	.05	.05
25c.	.21½	.04	National Pete	......	(.... bid .05 asked)			
1	.07½	.02	Nordon	......	(.04 bid .04½ asked)			
No	.02½	.01½	Oil Selections	......	(.00½ bid .01½ asked)			
No	1.35	.60	Okalta	755	.70	.76	.65	.76
No	.06½	.02½	Pacalta	1,000	.03	.03	.03	.03
1	.40	.23	Pacific Pete	100	.30	.23	.23	.23
No	.35	.25	Petrol Oil & Gas	600	.25	.25	.25	.25
25c.	.22	.12	Prairie Royalties	1,500	.13	.13½	.13	.13
No	36.50	17.63	Royalite	203	18.25	19.00	18.00	18.00
No	.62½	.20	South West Pete	......	(.16 bid .30 asked)			
No	.07½	.02½	South End	1,000	.02½	.03	.03	.03
5	2.25	.90	Texas Can.	100	1.00	1.00	1.00	1.00
No	.08½	.03	United Oils	......	(.04 bid .05 asked)			
1	.17½	.08	Vermilata	500	.08	.10	.10	.10
1	.60	.26	Vulcan	200	.43	.26	.26	.26
No	.04	.02	West Flank	......	(.01½ bid .02 asked)			

Vancouver Stocks

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
1	.14	.05	Big Missouri	1,000	.07	.05	.05	.05
No	11.10	7.55	Bralorne	860	7.65	7.65	7.55	7.60
1	.01½	.01½	Bridge River Cons.	......	(.... bid .01 asked)			
1	2.70	1.65	Cariboo Gold	200	1.70	1.70	1.70	1.70
No	.01½	.01	Dentonia	......	(.... bid .01 asked)			
No	.02	.00½	Fairview Amal.	......	(.00½ bid .00¾ asked)			
1	.20	.10	George Copper	......	(.10 May 21)			
1	.05	.03½	Golconda	......	(.03½ May 22)			
50c.	.28	.15	Gold Belt	300	.15½	.16	.16	.16
50c.	.16	.09	Grandview	500	.10½	.09	.09	.09
1	.04½	.01½	Grull Wihksne	......	(.10½ bid .02 asked)			
1	.57	.30	Hedley Mascot	3,700	.32	.31	.30	.30
No	.00½	.00½	Home Gold	......	(.00½ bid .00½ asked)			
1	.01	.00½	Indian Mines	......	(.... bid .01 asked)			
50c.	1.10	.72	Island Mountain	......	(.61 bid .67 asked)			
1	.38	.30	Inter'l Coal	......	(.... bid .35 asked)			
50c.	.85	.25	Kootenay Belle	300	.32	.28	.25	.25
1	.25	.17	McGillivray Creek	......	(.18 bid .... asked)			
No	.05½	.01	Minto Mines	......	(.01 bid .... asked)			
50c.	.04½	.01½	Nicola	5,000	.01½	.01½	.01½	.01½
1	.13	.07½	Pacific Nickel	......	(.08 May 3)			
1	2.35	1.05	Pend Oreille	100	1.35	1.30	1.30	1.30
1	2.50	1.45	Pioneer Gold	460	1.50	1.65	1.45	1.50
50c.	.02½	.01½	Porter Idaho	4,000	.02	.02	.02	.02
No	.01½	.00½	Premier Border	......	(.00½ bid .00½ asked)			
1	1.42	.73	Premier Gold	2,400	.78	.78	.73	.75
No	.94	.37	Privateer Mines	11,100	.39	.42	.37	.42
1	.03½	.01	Quatsino Copper	......	(.01½ bid .... asked)			
1	.14½	.04	Relief Arlington	1,000	.04	.04½	.04½	.04½
1	.30	.15	Reeves McDonald	......	(.... bid .25 asked)			
1	.57	.10	Reno Gold	5,500	.12	.10	.10	.10
1	.06½	.04	Sally Mines	......	(.... bid .06 asked)			
50c.	.03½	.02	Salmon Gold	......	(.02 bid .03½ asked)			
50c.	1.22	.78	Sheep Creek	100	.78	.80	.80	.80
1	1.31	.75	Silbak Premier	......	(.50 bid .... asked)			
No	.02	.00½	Silvercrest	......	(.... bid .01 asked)			
1	.05	.05	Sunloch	......	(.05 May 11)			
50c.	.11½	.05	Surf Inlet	......	(.05 bid .... asked)			
No	.03	.02	Taylor Bridge	......	(.02 bid .... asked)			
No	.08	.02	Vidette Gold	......	(.04 May 7)			
20c.	.01½	.01	Wellington	......	(.... bid .01½ asked)			
50c.	.00½	.00½	Wesko	......	(.00½ Apr. 16)			
1	.04	.01	Whitewater	......	(.01 bid .01½ asked)			
No	.07½	.04	Ymir Yankee Girl	1,000	.07½	.04½	.04½	.04½

Oil Quotations

Par. Val.	Range High	1940 Low	Company	Sales	Close July 1 (or last)	High for week	Low for week	Close July 8
1	.22	.08	Alta. Pac. Cons.	400	.11	.10	.10	.10
1	.00½	.00½	Amalgamated	......	(.00½ bid .00½ asked)			
No	1.02	.45	Anglo Canadian	4,300	.52	.58	.50	.58
No	.07½	.03	Anaconda	1,000	.04½	.04½	.04	.04
No	.13	.08½	Brit. Dominion	......	(.10 May 6)			
No	.18½	.06	Brown Oil	1,000	.07½	.08	.08	.08
No	2.33	1.00	Calgary & Ed.	900	1.32	1.35	1.25	1.35
1	.46	.18	Calmont	3,500	.24	.26½	.24	.26
No	.32	.17	Commoil	500	.17	.20	.20	.20
1	.29	.16	Commonwealth	......	(.16 bid .... asked)			
No	.50	.20	Dalhousie	......	(.25 bid .... asked)			
No	.31	.15	Davies Pete	......	(.12 bid .... asked)			
No	.08	.02½	East Crest	......	(.03 bid .04 asked)			
No	.26	.15	Extension	5,500	.15½	.19	.15½	.19
25c.	.08½	.05	Firestone	......	(.05 bid .... asked)			
No	1.05	.38	Foothills	500	.45	.45	.38	.45
25c.	.10	.10	Foundation Pete	......	(.... bid .11 asked)			
No	.42	.08½	Four Star	......	(.... bid .11½ asked)			
No	.17	.07½	High Sarcee	......	(.08 bid .15 asked)			
No	3.10	1.31	Home Oil	6,000	1.52	1.73	1.45	1.70
No	.03	.01½	Madison	......	(.01½ bid .... asked)			
No	.04½	.00½	Marjon Oil	8,000	.01½	.01	.01	.01
No	.15	.06	McD. Segur Ex.	2,000	.08½	.07	.07	.07
No	.08	.05	McLeod	......	(.05 Mar. 4)			
No	.07½	.03	Mercury	1,000	.04	.04	.04	.04
No	.07½	.04½	Mill City Oil	......	(.04 bid .... asked)			
1	.31	.12	Model	......	(.14 bid .20 asked)			
25c.	.08½	.06	Monarch Royal	......	(.05½ bid .... asked)			
25c.	.21	.05	National Pete	......	(.... bid .05 asked)			
1	.05	.04	Nordon	......	(.04 Apr. 20)			
No	1.31	.58	Okalta	1,100	.70	.75	.70	.70
No	.05½	.04	Pacalta Oil	......	(.03 bid .05 asked)			
1	.42	.19	Pacific Petroleums	2,200	.20	.20	.19	.20
25c.	.25	.14	Prairie Royal	4,800	.14	.15	.14	.15
No	.10½	.06	Royal Crest	3,000	.07½	.07½	.07½	.07½
No	36.00	15.00	Royalite	5	19.00	18.50	18.50	18.50
No	.19½	.12½	Royal Canadian	7,250	.15½	.16	.15	.16
No	.07½	.03	South End	......	(.03½ May 16)			
No	.60	.21	Southwest Pete	......	(.20 bid .... asked)			
1	.06	.05	Spooner	......	(.02 bid .... asked)			
25c.	.38	.18½	Sunset Oil	1,700	.19	.20	.19	.20
No	.09	.03½	United	1,000	.04	.04½	.04½	.04½
No	.07	.03½	Vanalta	500	.04	.03½	.03½	.03½
1	.63	.23	Vulcan	200	.25	.30	.30	.30
No	.05	.03	West Flank	......	(.05 May 11)			

• 1939 Quotations.

Winnipeg Stocks

(Transactions from July 2 to July 6)

	Sales	High for period	Low for period	Close July 6
Arrow Oil	1,000	.12	.12	.12
Federal Grain, pfd.	10	24.00	24.00	24.00
Home Investment	3	13.00	13.00	13.00
Western Breweries	10	1.35	1.35	1.35
Western Steel	100	6.00	6.00	6.00
Wingo'd	500	.03	.03	.03

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Federal Grain, c.	..	1⅛
Beav. Lumber, c.	..	4	Nor. Mtge. pt. pd.	1¼	..
Beav. Lumber, p.	100	102	Nor. Can. Mtg., p	5	..
Can. Airways	1	..	Nor. Trusts	..	6
Can. Indemnity	120	..	Traders Bldg.	..	54
Cres. Cream., p.	8	..	United Grain	5½	7½
Dom. Envelope, c	..	7½	West. Grain, p.	..	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 9	5,300	4,200	87,000	......
July 8	6,400	4,200	93,000	17,300
July 6	4,000	6,700	43,000	32,550
July 5	7,900	4,700	94,000	13,200
July 4	8,500	9,900	103,000	13,078
July 3	9,000	1,900	101,000	24,305

Government Bonds

July 10, 1940

(Supplied by Investment Dealers Assoc. of Canada)

Dominion of Canada Bonds

%	Due	Bid	Ask.	Approx. Yld.
4½	Sept. '40	100½	100½	.75
1	Mar. '41	99½	100	1.00
5	Nov. '41	104½	105	1.32
1½	May '42	99¾	100½	1.36
2	June '42	100½	101½	1.39
3	Oct. '42	102¾	103½	1.60
2½	June '43	101½	102½	1.62
5	Oct. '43	108½	109½	2.08
2	June '44	99¾	100½	1.86
a2½	Jan. '44	83½	85‡	7.11
4½	Oct. '44	108½	109½	2.25
2½	Nov. '44	101½	102	2.02
a2½	Aug. '45	81½	83‡	6.45
4	Oct. '45	105½	106	b2.12
4½	Feb. '46	109½	110	2.59
3½	June '49	100¾	101½	b3.00
3½	Oct. '49	101	101½	b3.08
3½	Nov. '51	99½	100½	b3.22
3½	Feb. '52	99½	100	3.25
a5	May '52	88½	90½‡	6.16
4	Oct. '52	100¾	104½	b3.30
3	June '53	95¾	96¾	3.31
4½	Nov. '56	106½	106¾	b3.30
4½	Nov. '57	106¾	107¾	b3.37
3	June '58	95	95½	3.32
4½	Nov. '58	107	107¾	b3.43
4½	Nov. '59	107¾	108¾	b3.45
a4	Oct. '60	79½	81‡	5.56
a3½	Jan. '61	73	74½‡	5.30
3½	June '66	98½	99	3.31
a3e	Jan. '67	71	72‡	4.90
a3e	Nov. '68	69¾	71‡	4.90
†3	Perpet'l.	87½	88	3.41

Dominion Guarant'd Bonds
Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100½	100¾	1.66
2½	Jan. '46	98½	99½	2.39
3	May '44	102¾	103¾	2.01
3	Dec. '50	96½	97½	3.28
3	Feb. '53	95¾	96¾	3.31
3	Jan. '59	94	95	3.36
*4½	Sept. '51	110¾	111¾	3.27
*4½	Feb. '56	111¾	112¾	3.46

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	112	113	3.48
*4½	June '55	113½	114½	3.48
5	Feb. '54	114½	115½	3.58
*5	July '69	111¾	112¾	b2.90
*5	Oct. '69	115¾	116¾	b3.35
*5	Feb. '70	115¾	116¾	b3.38
Grand Trunk Pac. Rly.:				
3	Jan. '62	94½	95½	3.31
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	81	84	4.83
3½	Aug. '49	82	86	5.20
3½	June '56	81	84	4.96
c4	Nov. '47	93	96	4.64
c4½	Apr. '61	93	96	4.80
c5	Jan. '60	98	101	4.92
Nova Scotia:				
3	Jan. '52	89	91	3.98
3½	Jan. '56	89½	91	4.02
3½	Nov. '50	93½	95	4.09
c4½	Sept. '52	100½	102½	b4.09
c4½	Nov. '60	101½	103½	4.24
c5	Mar. '60	106	109	4.32
Ontario:				
2½	May '45	99	100	2.50
3	Apr. '48	96½	97½	3.40
3	Nov. '50	95½	96½	3.43
3½	Nov. '51	97½	98½	3.41
3½	May '55	96¾	97¾	3.44
*4	June '62	101	103	3.77
4½	June '50	107½	108½	3.51
*4½	Jan. '62	107½	109½	3.85
5	Oct. '48	109½	110½	3.53
*5	Dec. '60	114½	116½	3.83
5½	July '46	110½	111½	3.41
Ont. Hydro Commission:				
3	Aug. '48	96½	97½	3.39
3½	Feb. '53	97	98	3.45
3½	Apr. '47	100	101	3.33
Prince Edward Island:				
3	Oct. '45	94	96	3.85
Quebec:				
3	Nov. '47	93	94	3.94
3½	Mar. '48	93½	95	4.01

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '54	89½	91	4.10
3½	Mar. '59	89	91	4.19
4	Mar. '52	98	100	4.00
4½	Aug. '58	99	101	4.17
4½	Jan. '63	101	103	4.39
Alberta:				
4	Dec. '54	49½	53½	d
4½	Oct. '51	50	..	d
c4½	Oct. '56	51½	55½	d
*5	Oct. '59	53½	57½	d
c5½	Apr. '52	60	64	d
6	Mar. '47	62	66	d
British Columbia:				
c4	Dec. '57	89	93	4.59
*4½	Jan. '51	91½	95½	5.05
c4½	Oct. '53	91½	95½	4.98
c5	Apr. '54	97	101	4.90
5½	Feb. '45	97	101	5.25
6	Feb. '47	99	103	5.45
Manitoba:				
c4	Dec. '57	84	88	5.06
c4½	Dec. '56	86	90	5.42
*5	Dec. '59	88	92	5.59
5½	Oct. '55	88	92	6.22
6	Apr. '47	96	100	6.00
Saskatchewan:				
4	Sept. '54	70	74	6.85
4	Nov. '60	68	72	6.49
c4½	Oct. '51	82½	86½	6.10
c4½	Mar. '60	71½	75½	6.75
5	Aug. '58	73	77	7.33
5½	Oct. '52	78	82	7.78
6	Mar. '52	81½	83½	7.80

*Payable Can., N.Y. & £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †-Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium. ‡-N.Y. funds.

Unlisted Stocks

July 9, 1940

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm. D.	21	26
Andian National	28½	..
Anglo C. Tel., A	7	8
Atlas Steel	12	..
Barrymore, pfd.	24	..
Blue T. Brew. B	4½	5½
B. C. Pulp, c.	11½	13
Do., pfd.	40	50
B. C. Sugar	73	77
Burns & Co., A	4½	6
Do., B	2	3½
Can. G'drich, c.	1	..
C. I. L., A c.	185	195
Can. Ing. Rand	60	66
Can. Tube, 1st p	..	70
Chase, A. W., p.	24	26
Claude Neon, p.	5	7
Colonial Steam.	11	15
Cope. Flour Un.	15	19
Dom. Manuf., p.	60	65
Dunlop T., p $25	20	22
Easy Wash. p $10	8	9½
Goderich Elev.	7	8½
Guard. Realty, p	15	20
Guelph Carp., p.	98	103
Do., com.	15	18
Gurney Fdy., p.	1½	1¾
Hayes Steel, c.	29	31
Hi'land Dairy, p	45	55
Inglis, John, c.	3	5½
Ingram & Bell.	20	25
Kingston Sh. un.	22	24
Loblaw Inc., c.	10¾	12
Morrison-Br. un.	6½	8
M'row Screw, p.	95	..
Do., com.	7	..

	Bid	Ask.
Neilson, Wm., c	7½	..
Do., pfd.	99	..
N. B. Tel., c.	10	12½
N. Meth. Ldy., p	..	58
Office Spec., pf.	65	..
Paterson Wm., p	100	..
Prov. Paper, pfd	95½	98½
Rob'tson P. L. p	92	..
Rob. Cons. Cone	5	7
Ruddy, E. L., p.	25½	28½
Seal O Sac (Can.)	1	2
Stand. Fuel, p.	51	57½
Stedman, pf. $50	53	59
Tor. Carpet, c.	24	..
Do., pfd.	54	..
Un. F. Co-op.	2	3½
Un. Steel, A pf.	19	21
Viceroy P & rts.	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	150	154
Capital Trust	29	33
Com. Fin., c.	2½	3½
Grey & Br. tr. $50	42½	47
Guaranty Trust	94	98
Guelph & C. $50	50	55
Lambton Loan.	31½	35
London & West.	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Traders Fin. A c	8	10
Do., A pfd.	75	83
Trusts & Guar.	24	26
Victoria Trust	105	115
Insurance Stocks:		
Brit. Amer.	50	56
Canada Life	420	460

	Bid	Ask.
Confed. 30% pd.	140	146
Crown fully pd.	240	290
Dominion Fire	130	..
D. of Can. Gen.	100	114
Empire 25% pd.	6	7½
Excelsior 36% pd	57	62
Federal 25% pd.	51	..
Great-West Life	220	245
Imperial Life	290	305
Manufac. Life	220	245
Sov. L. 25% pd.	12	15
Sun Life	240	270
Tor. General	5½	58
Wellington Fire	58	..
Western Assce.	40	45
Do., pref.	40	45
Theatre Stocks:		
Allens Beach, p	50	57
Do., London p	50	54
Do. St. Cath p	50	55
Do., Tor., p.	31	36
Mansf. Theat., p	27	32
Para. Kitch., p.	50	56
Do., Oshawa c	9	11½
Investment Trust Shares:		
Can. Investors	3½	5
Deb. & Sec., pf.	60	..
Sec's. Hold., pf.	16½	..
United Corp., A	16	18
Do., B	4	5
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	95	98
Gt. Lakes Pr., p.	98	102
Mtl. Is. Pwr., p.	15	20
Nor. Ont. Pr., p.	88	92

Unlisted Mines

Toronto, July 9, 1940

	Bid	Ask
Acordia	.26	.28
Adding.	.01½	.02
Albany R	.06	.08
Amal Kir	.03½	.04½
Anoki	.06	.07½
Aquarius	..	.16
Arjon	.01	.02
Armistice	.00¾	.01½
Argosy	.02½	.03½
Area	.02½	.03½
Arno	..	.01
Athona (Old)	.01	.02
(New)	.01½	.02½
Barb Lar	.01½	.02½
Benkor	..	.10
Beresford	.01½	.02½
Bilmac	.01	.02
Buff Bear	.01	.02
Calder Bo	.01	.02
Central M	.02	.03
Cheminis	.02	.03
Coin Lake	.02	.03
Cons Chib	.02	.03½
Crescent	.00½	.01
Dayton	.01	.02
Demp C	.00½	.01½
Desents n	.08	.10

	Bid	Ask
Dona Pat	.01½	.02
Douglas	.01	.05
E Lacoma	.00½	.01
Elmos	.06	.08
Franco	.26	.30
Fr'nkv'w	.15	.18
Galore	.01	.02
Gate Pat	.00½	.01½
Gilbec	.00½	.01
Gordon L	.01	.01½
Hiawatha	.05	.08
Hoyle nw	.11	.12½
Hugh Pa	.02	.03
Hutch L	.01	.01½
Jolliette	.02	.03½
Keora	..	.02
Kenricia	.02	.02½
Kewaga'a	..	.01½
Kiena	.04	.06
Kirk Gate	.01	.02
Lacoma	.00¾	.01½
Lake Duf	.11	.13
Lake Gen	..	.08
Lw Pete	.10	.15
Mag Con	.65	.70
Magwell	.03	.05
Magnet L	.13	.15
Martin Br	.02½	.03½

	Bid	Ask
Margaret	.02	.05
Mata Can	.02½	.04
Mof Hal n	.01	.02
Mooshla	..	.01½
Mosher	.02½	.03½
Nat Mal	.20	.25
Negus	.20	.25
New Roy	.00½	.01
Nickel O	.60	.75
Norbeau	.13	.19
Norlake	.01	.02
North Am Mol'm	..	.18
Norwin	..	.11
Oklend	.03½	.05
O'L'ry M	.01½	.02½
Opemiska	.02	.04
Oriole	.01	.01½
Orpit	..	.01
Ossian	..	.02
Pacsack	.05	.07
Pascalis	.12	.17
Phoenix	.01	.03
Pontiac R (Old)	.02	.04
Pelangio	.00¾	.01
Polaris	.14½	.16½
Porc Lake	.03	.05

	Bid	Ask
Proprie'y	.95	1.10
Presdor	.01½	.01¾
Queb Man	.03½	.04½
Rahn La	.03	.03½
Rand Mal	.06½	.08
Red Lake	.01½	.01¾
Rhyolite	..	.01½
Sachigo	1.00	1.50
Senore	..	.10
Shenango	.02	.02½
Sheldon	.01	.02½
Siscoe Ex	.01½	.02½
Skynner	.02½	.03
Smelt G	.00½	.00¾
Spooner	.03½	.04½
Sunbeam	.03	.05
Springer	.02½	.03½
Stadacona	.04	.05½
Thomson	.08	.10
Thomp C	.01½	.02
Treaty P	..	.23
Union M	.02	.03½
Wasu	.03	.05
West Red	.01	.02
Winoga cum rts	.02	.03
Woco	.03½	.05
Y David	.18	.20

Montreal, July 9, 1940

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Cad Exp	.03	.05	Cournor	.05	.07	Obalski	.03	.04	Scott Ch	.01½	.02½
Chibmac	.00	.02	Dubisson	.00	.12	Pan Can	.03	.05	Westwd C	.01	.01½
C Pand'ra	.00	.02	L Rowan	.02	.03						

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 9, 1940

Public Utility Issues:	Int. Rate %	Due	Bid July 9	Asked July 9	Bid July 2
†Assoc. Tel. & T.	5½	'55	66½	70½	65½
B. C. Power	4½	'60	91½	95½	91
B. C. Tel.	4½	'61	98½	102½	98
†Calgary Pwr.	5	'60	100½	104½	99½
Do.	5	'64	99	103	98½
†Can. Nor. Pwr.	5	'53	103½	107½	101½
*Dom. Gas & El.	6½	'45	93	97	93
Gatineau Pwr.	5	'49	99	103	99
Do., B.	3½	'69	91	95	90
Gt. Lakes Pwr.	4½	'56	92	96	93
*Int. Hydro-E.	6	'44	68	72	65
▲Inter. Power	6	'55	100	104	100
Macl'n-Que. Pr.	4	'59	88	92	86
Mtl. L. H. & P.	3½	'56	95½	99½	95
Do.	3½	'73	90	94	90
†Mtl. Tramways	5	'41	89	93	88½
†Do.	5	'55	56	60	54
Nat. Lt. & Pwr.	6	'49	93½	97½	93½
N. S. Lt. Pr.	4	'57	94½	98½	94½
Ottawa H. & P.	4	'57	98	102	98½
Ottawa V. Pwr.	5	'59	99	103	99
†Power Corp.	4½	'59	94	98	93½
Quebec Pwr.	4	'62	93½	97½	93
*Saguenay P., A.	4½	'66	102	106	101
▴Do., B.	4½	'66	100½	104½	98½
Shaw. W. & P.	4	'61	94	98	93
Union Gas	4½	'50	99½	103½	99½
United Secs.	5½	'52	54	58	55
Wpg. El., ser. A	4	'65	66	70	63½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	52½	56½	49½
Acadia Sugar	4½	'55	97	101	97½
†Alta. Pa. Grain	6	'46	90	94	89
Atlantic Sugar	4	'51	96	100	97
†B. C. P. & Pap.	6	'50	77	81	77
*Brown Co.	5½	'46	39	42	39
Burns & Co.	5	'58	49½	53½	49
Canada Bread	6	'41	100	104	100½
Canada Cement	4½	'51	99½	103½	99
Can. Paper	4½	'52	97	101	98
Can. Steamship	5	'57	87	91	86
Can. Canners	4	'51	99	103	99½
*Can. Int. Paper	6	'49	94½	98½	93
C. P. R.	3½	'51	80½	84½	79
Do.	4	'49	83½	87½	82
Do.	4½	'44	91½	95½	91
Do.	6	'42	101	105	101
†Consol. Paper	5½	'61	53	57	49½
Dom. Coal	4½	'52	96½	100½	96½
Dom. Stl. & Co.	6½	'55	98½	102½	98½
Dom. Tar	4½	'51	96½	102½	96
†Donnacona P.	4½	'56	68	72	65½
Famous Players	4½	'51	94	98	93
†Federal Grain	6	'49	90	94	90
†Fraser Cos.	6	'50	88	92	88
Gen. Stl. Wares	4½	'52	92½	96½	91½
*Great L. Paper	5	'55	83	87	81½
†Gypsum, Lime	5½	'48	83	87	81½
Ham. By-Pr. C.	5	'55	97	101	97½
Inter.-City Bak.	5½	'48	100	104	100
*Inter. P., Nfld.	4½	'68	88	92	88
Lake St. J. P.	5½	'61	82	86	82
Maple Leaf M.	3	'58	61	65	59½
Massey-Harris	4½	'54	79	83	77½
McColl-Fron.	4½	'49	96½	100½	95½
McCormick's	4	'52	89½	93½	89½
*M. & O. Paper	6	'45	38½	42½	35½
Nat. Grocers	4	'47	99	103	99
N. S. Stl. & Co.	3½	'63	75	79	74
Price Bros.	5	'57	91	95	89
*Prov. Paper	5½	'47	102	106	102
Reliance Grain	4½	'52	93	97	93
†Restigouche Co.	6	'48	88	92	88
Rolland Paper	4½	'51	98	102	99
Simpson's Ltd.	4½	'51	94	98	93
Smith, Howard	4½	'51	97½	101½	98
†Steel of Can.	6	'40	110	112	110
*United Gas	5½	'48	101	105	101
United Gr. Grs.	5	'48	90	94	90
†Western Grain	6	'49	37	41	35½

*Payable in Canada, or U. S.

†Payable in Can., U. S., or U. K.

▲Payable in Can. or U. K.

*Payable in U. S. only.

Mining Dividends

		Close July 8	Yield %
Beattie Gold	‡8c	.72	..
Bralorne	80c+40c	7.25	*18.5
Buffalo Ankerite	§31c	2.95	..
Bulolo Gold	$3	12.00	25
Can. Malartic	‡4c	.30	..
Cariboo Gold	16c+6c	1.65	*13.3
Central Patricia	16c+6c	1.50	*14.6
Coniagas	‡25c	1.30	..
Coniaurum	16c	1.00	16
Cons. Smelters	$1+$1	31.25	*6.4
Delnite	†3c	.50	..
Dome Mines	$2	17.75	11.3
East Malartic	†10c	2.20	..
God's Lake	2½c	.27½	..
Gold Belt	†2c	.16	..
Gunnar Gold	6c	.32	18.7
Hallnor	60c	4.50	13.3
Hard Rock	‡9c	.59	..
Hedley Mascot	‡4c	.30	..
Hollinger	63c+45c	9.85	*11.1
Howey Gold	‡2c	.21	..
Hudson Bay	$1.75	21.00	8.3
Inter. Nickel, com.	$2	31.00	6.4
Island Mountain	‡8c	.70	..
Kerr Addison	5c	1.71	..
Kerr Lake	15c	.30	..
Kirkland Lake	10c+2c	.78	*15.4
Kootenay Belle	‡10c	.25	..
Lamaque Gold	40c+10c	4.95	*10.1
Lake Shore	$2	16.00	12.5
Leitch	8c	.45	17.8
Little Long Lac	30c	1.90	15.7
Macassa	32c	2.60	12.3
Madsen R. Lake	†3c	.25	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	.90	*15.5
McWatters	10c	.23	..
Moneta	12c	.39	..
McIntyre Porc.	$2+$1	37.50	*
MacLeod Cockshutt	†10c	1.10	..
Nipissing	15c	.90	16.6
Noranda	$4	43.00	9.3
North Empire	‡40c	7.25	..
O'Brien Gold	‡5c	.55	..
Pamour Porc.	12c	.85	14.1
Pato Cons.	20c	1.60	12.4
Paymaster	2c	.21	..
Perron Gold	16c+4c	1.11	*18
Pioneer, B.C.	40c	1.60	25
Pickle Crow	40c	2.15	18.6
Placer Develop.	$1.20	13.25	9
Premier	12c	.75	16
Preston E. Dome	‡15c	1.42	..
Privateer Mine	20c	.42	..
Powell Rouyn	20c	.58	..
Quebec Gold	‡2c	.20	..
San Antonio	14c+3c	1.50	*13.3
Sheep Creek	16c+2c	.80	*22.5
Sherritt Gordon	†5c	.52	..
Silbak Prem.	16c	.75	22.6
Siscoe	12c+1c	.60	*21.6
Sturgeon River	†2c	.09	..
Sudbury Basin	‡2½c	.80	..
Sullivan Cons.	‡6c	.52	..
Sylvanite Gold	20c+5c	2.01	*12.4
Teck-Hughes	40c+3c	2.60	*16.5
Toburn	8c+8c	1.01	*15.8
Upper Canada	†3c	.70	..
Ventures	15c	2.00	..
Waite Amulet	†10c	2.80	..
Wright-Harg.	40c+30c	4.90	*14.3

Municipal Bonds

July 9, 1940

†Halifax	5	1961	102.00	105.00	4.62
Hamilton	5	1950	106.05	108.05	4.00
Montreal	5	1945	90.00	93.00	6.77
Ottawa	4½	1945	103.50	105.50	3.30
†Quebec	5	1959	104.00	107.00	4.45
Saint John	5	1950	99.00	101.00	4.87
†Toronto	4½	1955	105.75	107.75	3.80
†Vancouver	5	1950	91.00	95.00	5.69
Winnipeg	5	1944	96.00	100.00	5.00

† Payable Can. and N. Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.28	2.50
Can. Amer. Trust	2.90	3.20
Can. Inv. Fund	3.00	3.40
All Can. Trustee	8.30	9.00
Grouped Income	...	4.90
Trans-Canada Shs.	9.45	10.45

Annual Meetings

July 10—Dominion Square ...... Montreal
July 12—Jamaica Public Service* Montreal
July 15—Algoma Steel Corp.† ...... Sault Ste. Marie
July 16—Anglo-Can. Drugs† St. Catharines
July 19—Hayes Stl. Prod.* Merritton, Ont.
July 20—The McD.-Segur Expl. .. Calgary
July 24—British Dom. Oil ...... Calgary
July 29—Jamaica Pub. Service* . Montreal
July 30—Canada Bread .... Toronto
*Special. †Bondholders.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Aug. 1	July 15
Anglo-Can. Tel., p.	68¾c	Aug. 1	July 15
Avalon Tel., pf.	87½c	July 2	June 15
B. C. Tele., 2nd pf.	$1.50	Aug. 1	June 17
B. C. Elec. Rly., p.	2½%	July 15	July 3
Bralorne Mines ..	20c	July 15	June 29
Do., extra	10c	July 15	June 29
Brant. Cordage, p.	32½c	July 15	June 20
B. C. Power, A ...	50c	July 15	June 29
Bell Telephone	$2	July 15	June 22
Biltmore Hats	15c	July 15	June 28
Bathurst Power, A	25c	Aug. 1	July 17
Beatty Bros., pfd.	$1.50	Aug. 1	July 15
Buffalo Ankerite .	6c	Aug. 2	July 16
Can. Bronze	37½c	Aug. 1	July 19
Do., pref.	$1.25	Aug. 1	July 19
Can. Fairbanks, pf.	$1.50	July 15	June 29
Can. Gen. Inv. ..	12½c	July 15	June 29
Can. Indus., A, B	$1.75	July 31	June 29
Do., pref.	$1.75	July 15	June 29
Can. Light & Pr. .	50c	July 15	June 26
Cons. Smelters ...	50c	July 15	June 22
Do., extra	50c	July 15	June 22
Col. of Amer., c. ex.	*	Aug. 15	June 14
Can. Bk. of Com.	$2	Aug. 1	June 29
Can. Converters ..	50c	Aug. 15	July 31
Coniagas Mines ..	12½c	Aug. 8	June 29
Can. Nor. Pwr. ...	30c	July 25	June 29
Do., pref.	$1.75	July 15	June 29
Cosmos Imp., pfd.	$1.25	July 15	June 29
Com. Alcohols, pf.	10c	July 15	June 29
Canadian Oil, c. .	12½c	Aug. 15	Aug. 1
Do., extra	12½c	Aug. 15	Aug. 1
Coast Brew.	3c	Aug. 1	July 15
Crown Life Ins. ..	3%	July 2	June 29
Crown Trust	$1	June 28	....
Can. Int. Tr. Shs.	0.131464	July 2	Coup. 20
Do., modified .	0.132524	July 2	Coup. 20
Distillers Seag., p.	†$1.25	Aug. 1	July 15
Dominion Fire	$3	July 2	June 29
Dominion Bank ...	$2.50	Aug. 1	July 20
Dominion Tar, p.	$1.37½	Aug. 1	July 12
Dom. Oilcloth	30c	July 31	July 15
Do., extra	10c	July 31	July 15
Dom. Textile, pref.	$1.75	July 15	June 29
Dome Mines	†50c	July 20	June 29
East. Theatres, p.	$3.50	July 31	June 29
East. Twp. Tel. ..	25c	July 15	June 29
Ensign Insur.	$1.50	July 2	June 29
1st All Can. Tr. Shs.	.09	July 15	July 15
Federated Pete. ..	1¼c	July 23	July 13
Foundation Co. ..	25c	July 20	June 29
Guardian Realty, p.	50c	July 15	June 29
Goulds Pumps, p.	$1	July 25	July 15
Gt. L. Power, p.	$1.75	July 15	June 29
Guar. of N. Amer.	$1.50	July 15	June 29
Do., extra	$2.50	July 15	June 29
Guaranty Trust ..	$2.50	July 15	June 29
Gt. W. Saddlery, p.	75c	July 20	July 2
Gurd. Chas., p. ...	$1.75	Aug. 15	Aug. 1
Humberstone Shoe	25c	Aug. 1	July 15
Hollinger Cons. ...	5c	July 15	June 29
Do., extra	5c	July 15	June 29
H. Smith Pap., p.	$1.50	July 15	June 29
Inter. Nickel, pf.	†$1.75	Aug. 1	July 2
Invest. Found., p.	75c	July 15	June 29
Do., arrears	25c	July 15	June 29
Imperial Bank ...	$2.50	Aug. 1	June 29
Int. Metal, p. & A pf.	$1.50	Aug. 1	July 15
Inter. Milling, p.	†$1.25	July 15	June 29
Inter. Util., pf. ..	†87½c	Aug. 1	July 22
Inter. Bronze	37½c	July 15	July 5
Do., pref.	37½c	July 15	July 5
Inter City Bak. ..	$1.50	July 31	July 15
Industrial Mtge. ...	$1	July 2	June 15
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Kootenay Belle ..	2c	July 22	July 15
Kerr Addison ...	5c	Aug. 1	July 15
Manufacturers Life	$6	July 2	......
Mtl. Telegraph ...	♦65c	July 15	June 29
Montreal Tram. ..	$1.50	July 15	July 4
Montreal L. & Pr.	38c	July 31	June 29
McColl-Front., pf.	$1.50	July 15	June 29
McIntyre Porc. ..	†50c	Sept. 3	Aug. 1
Moneta Porc.	3c	July 15	June 29
Maritime Tel.	17½c	July 15	June 20
Do., pref.	17½c	July 15	June 20
Nat. Steel Car	50c	July 15	June 29
Nat. Biscuit	†40c	July 15	June 14
Do.	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Nor. Ont. Pwr. ...	33c	July 25	June 29
Do., pref.	$1.50	July 25	June 29
N. B. Tele.	12½c	July 15	June 30
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 22
Preston E. Dome .	5c	July 15	June 29
Power Corp., pref.	$1.50	July 15	June 29
Do. 2nd pref. ..	75c	July 15	June 29
Premier Gold	3c	July 15	June 22
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Regent Knit., pf. .	40c	Aug. 1	July 15
Saguenay Pr., p.	$1.37½	Aug. 1	July 15
Sigma Mines	‡▪30c	July 27	July 15
South. Can. Pr. ..	20c	Aug. 15	July 31
Do., pref.	$1.50	July 15	June 20
Sheep Creek G. ..	4c	July 15	June 29
Do., extra	1c	July 15	June 29
Silbak Premier ...	4c	July 25	July 5
Simpsons, pref.	$1.62½	Aug. 1	July 17
Stand. Chemical ..	75c	July 15	June 15
St. Law. Corp., A p	▲20c	July 15	July 2
St. Law. Flour ...	25c	Aug. 1	July 20
Do., bonus	50c	Aug. 1	July 20
Do., pref.	$1.75	Aug. 1	July 20
Steel of Can.	43¾c	Aug. 1	July 5
Do., pref.	43¾c	Aug. 1	July 5
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Sec. C. Int. Inv., p.	10c	June 1	May 15
Sundance Rylts. ..	1c	July 31	July 20
Trusts & Guarantee	$1	July 2	June 19
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
Tuckett Tob., pf. .	$1.75	July 15	June 29
Traders Finance, p.	$1.50	July 2	June 15
Do., 7% pref.	$1.75	July 2	June 15
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
Waite Amulet	‡10c	July 15	June 29
Western Grocers .	75c	July 15	June 20
Do., pref.	$1.75	July 15	June 20
Wood, A. & J., pf.	$1.75	Aug. 1	July 15
Weston, Geo., pfd.	$1.25	Aug. 1	July 15
Wilsil	25c	Oct. 1	Sept. 14
Zellers, pref.	37½c	Aug. 1	July 15

†Payable in U.S. funds. ‡Initial.
*One share for each 40 shares held.
▲On arrears.
♦After corp. inc. tax of 18%.
▪Subject to approval by Foreign Exchange Control Board.

DIVIDEND NOTICES

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of July, 1940.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of August to Shareholders of record of the 22nd day of July, 1940.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of August to Shareholders of record of the 5th day of August, 1940.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer.

Montreal,
June 26, 1940.

The McDougall-Segur Exploration Company of Canada Limited

NOTICE OF ANNUAL MEETING

To the Shareholders:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of the above Company will be held on Saturday, the 20th day of July, 1940, in the office of the Company, 3 Wells Building, 405—8th Ave. W., Calgary, Alberta, at the hour of 10.30 A.M., for the purpose of receiving and considering the Report of the Directors, the Annual Statement of Accounts and Balance Sheet and the Report of the Company's Auditors; for the election of Directors, the appointment of an Auditor and for the transaction of such other business as may be properly brought before the meeting.

PLEASE TAKE NOTICE that the Transfer Books and Register of Shareholders will be closed from the 15th of July, 1940, to the 22nd of July, 1940, both days inclusive.

Dated at Calgary this 4th day of July, 1940.

By order of the Board.

A. G. GRAVES,
Secretary.

THEATRE STOCKS
Bought Sold Quoted
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

What Will We Do With Wheat?

Opening of New Crop Year Next Month Brings New Market Problem

From Our Own Correspondent

WINNIPEG.—With the opening of a new crop year less than three weeks away various solutions are being suggested for the wheat problem, or rather for the series of wheat problems that now present themselves. A decision on the part of the Government to close the wheat futures market, or to leave it open, will not of itself solve any of these.

Assume the market to be closed, there will at once be called for a tremendous increase in the functions and financing of the Canadian Wheat Board. During the past year farmers have had their deliveries of wheat to the Board restricted to 5,000 bushels. On quantities in excess of that it was possible over the greater part of the year to sell on the open market at above the guaranteed price of 70 cents, Fort William, for No. 1 Northern. During the coming year this may not be possible and discussion may revive on the extent to which the Government ought to protect the operations of large farmers.

Domestic Prices

There will also, likely, arise the question of price for wheat milled in Canada. No matter how low a price may have to be accepted for export wheat, a reasonable level will in all probability be demanded for home sales. That might conceivably be $1 per bushel, as against prices ranging between 70 cents and 90 cents a bushel which have prevailed during the past year. Then there will be the problem of determining a price at which sales should be made to Great Britain, which involves either agreement with the British Government, or some arbitrary fixing of a level by Canada.

Can Market Function?

Even if it is decided to leave the market open, it is by no means certain that it can continue to function usefully, at least without some further Government steps. One of the market's principal functions is to enable export firms to buy wheat at the head of the lakes, to pay cash to the Wheat Board, or to other former owners, and to look after subsequent forwarding, storing and financing, without any direct strain on the financial resources of the Government. But a market which is pegged, and which is unable to rise above the peg, offers no hedging protection to the owners of wheat, and functions of exporting firms might be brought to an end by continuance of present conditions. That would mean that the Wheat Board would have to undertake the responsibility of forwarding and financing wheat, with an additional direct strain on the Dominion Treasury amounting at times to perhaps $100 millions, a strain which will have to be borne if the market is either closed by Government action or is unable to work.

What of Reserves?

One possible solution is receiving some discussion. Let the Government announce that the Wheat Board will sell no wheat either for domestic consumption or for export at less than some established level. This might be 80 cents a bushel, Fort William basis, a figure at which it is understood some 50 million bushels were recently sold to the British Government. Or it might be 87½ cents a bushel. For that figure there is at least the justification that for three successive years the Canadian Government fixed it as representing the minmum basis which must be guaranteed to farmers to enable western agriculture to continue on a satisfactory basis. Concurrently such an announcement would have to be accompanied by a statement that the Government recognizes that a large reserve of wheat will have to be maintained in Canada until the end of the war, and that in refraining from selling below a specified level the Government is undertaking to carry such a reserve in a way colculated to interfere as little as possible with the marketing of that part of the crop which is actually required.

Under such conditions farmers would not sell wheat at 70 cents a bushel because they could get that from the Board, plus a participation certificate which might later be worth something. They would sell at something higher, as necessities for cash might dictate, or their judgment as to possible price advances. Buyers would have to bid enough to bring out supplies of wheat which might be required from time to time.

Pegging Troubles

Such a step on the part of the Government would mean little change from the present situation. The fact that prices on the Grain Exchange are pegged at the request of the Government is a virtual undertaking that the Wheat Board will not sell at less than the pegged prices. But buyers get the idea that the Government agency will sell freely, either at the pegged price or just above it, and so hold off from buying except for absolutely immediate requirements. And sellers, including farmers, get the same idea, and so tend to snatch at any opportunity to sell at pegged prices. If the Government can make such a rule for the Wheat Board at 70 cents, or 71 cents, why not at 80 cents, or 87½ cents a bushel or even higher?

Argentine competition needs to be considered, not now when Argentine wheat supplies are nearly exhausted, but early in 1941 when new Argentine crop is available. But whatever level is set for Canadian wheat we can be sure that Argentina will undercut it by enough to sell all the wheat to Great Britain for which shipping space can be found.

U. S. and U. K.

United States competition in wheat sales to Great Britain hardly needs to be considered, even if Canadian prices should rise above prices south of the border, because United States funds could hardly be diverted to wheat purchases when they are badly needed for munitions. Goodwill in Great Britain needs to be considered, both on the part of the Government and the Government purchasing agency, and also on the part of the flour trade. But wheat transactions, after all, represent only a part of the multitudinous transactions involving questions of price which have to be arranged between the governments of Great Britain and of Canada, and it should be possible to convince both authorities and millers in Great Britain that the wheat price level should not be so low as to involve loss to the Canadian Government on its guarantees to Canadian farmers. At all events, if the market is closed, exactly the same problem of a price level below which it will not sell wheat will face the Canadian Government.

Storage Problem

Another set of problems arises from the fact that if the western wheat crop turns out to be as large as is now hoped, a serious problem of storage may present itself. When the new crop begins to be harvested it is likely that all storage space at and east of the head of the lakes will be filled up, and that there may be considerable grain still in storage in country elevators. From that time on, grain can be shipped from terminals only as rapidly as it is absorbed in export shipments, or in domestic milling, and the same limitation will apply to shipments from country elevators. These are likely to fill rapidly, and farmers will be forced to hold a good deal of grain in their own granaries, where they have them, or pile it on the ground where granaries are lacking.

But the physical problem is only one phase of the situation. It may become necessary to ration deliveries among farmers, to see that elevator space is not monopolized by larger farmers, or by farmers in districts where harvest happens to be earliest. And then there is the question of how farmers are to finance either harvest operations or their living expenses, or pay their debts if their grain cannot be got into commercial storage. Will the banks devise a system of lending money to farmers against grain stored on farms, will the Wheat Board develop some means of making advances on wheat not yet delivered to it?

These are some of the questions grain men are asking as the new crop year nears.

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 231

Notice is hereby given that a dividend of two and one-half per cent upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st July, 1940. The dividend will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 1st day of August, 1940, to shareholders of record of the 20th July, 1940.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 14th June, 1940.

The Canadian Bank of Commerce

Dividend No. 214

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1940 and that the same will be payable at the Bank and its Branches on and after Thursday, 1st August next, to shareholders of record at the close of business on the 29th June, 1940. The Transfer Books will not be closed.

By Order of the Board.

A. E. ARSCOTT,
General Manager.

Toronto, 7th June, 1940.

Kirkland Lake Gold Mining Company Limited

Dividend No. 12

A semi-annual dividend of five cents per share and a special dividend of one cent per share (making a total of six cents per share) on the outstanding capital stock of the Company, has been declared, payable November 1st, 1940, to shareholders of record September 30th, 1940.

Taxes imposed on shareholders' dividends will be deducted where applicable.

By Order of the Board,

H. F. CASSIDY,
Secretary-Treasurer.

Toronto, July 5th, 1940.

Anglo-Canadian Telephone Company

PREFERRED DIVIDEND NOTICE

NOTICE is hereby given that a dividend of One and Three-Eighths Per Cent (1⅜%) has been declared on the 5½% Cumulative Preferred Stock of the Company for the quarter ending July 31, 1940, payable August 1, 1940, to Stockholders of record at the close of business on July 15, 1940.

By Order of the Board.

GEOFFREY PURDY,
Secretary.

Montreal, July 5, 1940.

CANADIAN GENERAL INVESTMENTS LIMITED

Dividend Notice

NOTICE is hereby given that a dividend of Twelve and One-half Cents (12½c) per share on the paid-up capital stock of the Company has been declared to shareholders of record June 29th, 1940, payable July 15th, 1940.

SHARE WARRANT holders will present Coupon No. 48 at the Main Office of the Bank of Montreal in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Montreal, Halifax, St. John, or at the King and Yonge Streets Branch, Toronto, where payment will be made at par.

By order of the Board.

E. M. STRAIN,
Secretary.

320 Bay St., Toronto, Ontario.

New Books . . .

Marketing Problems

MARKETING ORGANIZATION AND TECHNIQUES. Edited by Jane McKee. Published by University of Toronto Press, Toronto. Price $2.50.

This is the seventh in a series of studies in the realm of political economy, published under the auspices of the Department of Political Economy of the University of Toronto. It is based upon the series of lectures on marketing problems given in an extension course at the university last winter.

It begins with a most scholarly account by a successful businessman, O. D. Vaughan, of the Eaton organization, Toronto, tracing the development of modern retail distribution in Canada. The other addresses deal with such subjects as installment credits, research, salesmanship and transportation problems. One of the most lucid of the chapters, from the pen of J. S. McLean, Toronto packer, deals with the export of Canadian bacon under conditions of peace and war.

The Royal Tour

MERRY AMERICA. By H. R. Pratt Boorman. Published by Kent Messenger, Maidstone, Kent, Eng. Price: cloth, $3; leather, $5.

Mr. Boorman is the proprietor and editor of the leading county paper in Kent, England. Last year he toured Canada with the King and Queen. In this most attractive volume he tells of what he learned and saw, and of what Their Majesties did.

There is a light touch to much of what Mr. Boorman has written. But he has not neglected to make his record complete. For each stage of the Royal Tour, the complete list of names are given of all officials who occupied places of honor or took part in ceremonies. The texts of all addresses are given. The 400 pages include an abundance of well selected photographs on coated stock. The binding is especially good. All in all, Mr. Boorman and his press have achieved a most successful record volume that combines interest, beauty and endurance.

All those who came into contact with Their Majesties will be proud to own copies.

Bilkey Keeps His Secrets

PERSONS, PAPERS AND THINGS. By Paul Bilkey. Published by Ryerson Press, Toronto. Price $2.50.

Paul Bilkey, editor-in-chief of the Montreal Gazette, is a prince of good fellows. He has abundant wit; he has met everyone that matters and he has seen much of Canada's political history of the past 40 years from the inside. One would like, then, to be able to report that his memoirs measure up to the opportunities that he has had for observation. But the disappointing truth is that they do not. They are as reserved—so far as political secrets are concerned—as a Gazette editorial and they lack even that most valuable quality of a Gazette editorial — unobtrusive meanings between the lines to be deciphered by experienced Gazette readers.

Mr. Bilkey's autobiography is a personal document, but not an intimate one except in its repeated references to the part that "cordials" have played in mellowing Mr. Bilkey's intercourse with his fellow-humans during his lifetime. It will always be something of a mystery how the good proofreaders of the publishing house that used to be known as the Methodist Book Room were able to leave in Mr. Bilkey's book several dozen tales of adventure in the more hospitable Canadian taverns. Certainly the reminiscences are more spirituous than spiritual, and in that respect they remind one of the printed recollections of that other plump and genial journalistic Puck, Colonel George Ham.

Mr. Bilkey throws some light upon events at Ottawa since the beginning of the present century and he illuminates the personalities of men like Laurier, Borden, Murphy, Meighen and others of the past four decades. But the light is the dim blue, withal very pleasing, light of memory. It is not the kind of fierce light into which the historian places men and their deeds. Mr. Bilkey is kindly in his judgments and just as close-lipped about the secrets of a generation ago as he would be of the secrets of today.

Canada has yet to produce a really great book of political or journalistic memoirs. We have seen produced many that are pleasant to read and some that, like Mr. Bilkey's, are rich in atmosphere. But, also like Mr. Bilkey's "Persons, Papers and Things," our histories and autobiographies fail to tell what really happened behind the scenes.

Bacon Board Builds Surplus

$1 Million Held as Result of Operations to Date

The Canadian Bacon Board has built up a surplus of about $1 million on its operations to date, according to Hon. J. G. Taggart, chairman of the board. This surplus is for distribution to hog producers for the purpose of evening out the price during the slack season.

To the middle of June the Board has shipped approximately $21 millions of bacon and hams to Great Britain. Of this total, $17 millions has been paid to producers, $3 millions to packers for their services and shipment of the products to the seaboard, leaving the $1 million in the hands of the Board for surplus. Cost of operating the Bacon Board is a charge against Dominion revenues and not against the business transacted.

Just how this $1 million will be distributed back to producers has not yet been settled.

Hints at New Deal

Mr. Taggart expects hog marketing in Canada to reach a new peak by October when a surplus of some 50,000 to 60,000 hogs weekly will prevail. This would logically result in lower hog prices. Mr. Taggart anticipates Britain will take greater quantities of bacon toward the end of this year, because of instructions to English farmers to reduce their hog herds because of lack of feed.

He hopes for a new bacon agreement with Britain this fall, calling for larger shipments and probably an increased price. Apparently this is not at all certain as yet and probably will depend in the final analysis on the course of the war.

Commodities

Prospects that sales of most commodities to Europe in coming months will be confined to what the United Kingdom can take, had a weakening effect on markets.

Wheat and cotton, however, were subject to the additional influence of weather affecting the crops. Prices tended to strengthen on reports of too much or too little moisture. Fluctuations were generally small.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$9.50	$9.35	$7.00
Hogs	8.90	8.90	10.15
Copper, lb.	.11½	.11½	.10¼
Cotton, lb.	.1071	.1073	.0987
Rubber, lb.	.2062	.2150	.1636
Sugar, raw, lb. ..	.0270	.0275	.0293
Silk, lb.	2.56½	2.68	2.56½
Wheat, Man. (bu.)	.71⅜	.71⅜	.57⅜
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.12½	.11½	.11
Weekly Indices			
Canada (D.B.S.) ...	81.6	81.5	73.3
Do., Wood, Gundy	64.9	65.3	54.3
U. S. Labor	77.1	77.1	75.5
Dow Jones (future)	51.98	51.82	49.13
Fishers'	82.2	82.1	78.8
Monthly Indices			
Canada (D.B.S.):			
Retail (May)	86.0	85.7	83.1
W'sale (May)	82.1	83.1	73.7
U. S. (Apr.)	78.6	78.4	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Canadian Celanese Ltd. Dismisses Workers

From Our Own Correspondent

MONTREAL. — Following labor disturbances that resulted in the wounding of a striking employee, Canadian Celanese Ltd. dismissed a number of employees, bringing the total to date to 75.

Close vigil is being maintained by police to ensure against further trouble.

Flour Output At New High

Seven-year Record Established for Canadian Mills

From Our Own Correspondent

MONTREAL. — Canadian flour production during May set a seven-year record for that month, according to preliminary figures of the Dominion Bureau of Statistics. Total amounted to 1,283,000 bbls., compared with 1,344,293 bbls. in April, and 1,191,778 bbls. in May of last year. Previous high for May was set in 1933 when production amounted to 1,306,449 bbls.

It will be noted that May production was lower than that of the preceding month, but was still higher than that prevailing in the first five months of 1939. Last October set a record in flour production for many years, when 2,089,562 bbls. were produced. This is the highest level for any month since October, 1928.

There were 5,775,000 bu. of wheat ground in Canadian mills during May, compared with 5,463,000 bu. in May of the preceding year.

Good Gains Shown

Following are grindings of coarse grain during May, 1940, and 1939:

	1940	1939
Oats	1,141,000	769,000
Corn	196,000	215,000
Barley	136,000	99,000
Buckwheat	2,000	5,000
Mixed grain	2,106,000	1,654,000

Mill stocks of wheat at May 31 totalled $5,796,000 bu., compared with 4,823,000 bu. at the same time last year. Exports of flour totalled 723,000 bbls., against 516,000 bbls. in May, 1939.

Following are comparative figures for flour production during 1939 and 1938 and in the current year to May:

Flour Output
Crop Years Ending July 31

	1940 bbls.	1939 bbls.
August	1,382,152	1,103,037
September	1,927,102	1,639,231
October	2,089,562	1,906,385
November	1,960,429	1,605,557
December	1,599,966	1,052,002
January	1,266,303	1,097,822
February	1,246,798	1,037,488
March	1,257,034	1,193,717
April	1,344,293	1,113,603
May	1,283,000	1,191,778
June	....	1,187,875
July	....	1,105,502
	15,356,639	15,233,997

Week in Wheat

Wheat Supplies Liberal For Present Demand

Export Trade Continues Quiet With United Kingdom Apparently Well Supplied For Present — Moisture Helps U. S. Spring Wheat

From Our Own Correspondent

WINNIPEG.—Trading in cash wheat continues quiet with prices remaining at the pegged levels on the Canadian market. British importers appear to be well supplied for the moment and have been out of the market. As the United Kingdom and the West Indies are the only places now where Canada can sell any quantity of wheat, new export business is reported at a minimum. Mills are still buying moderately, however.

Supplies of Canadian wheat are heavy, being estimated at over 250 million bushels. With prospects of another large crop in the western provinces and a fair crop in the United States, buyers are showing an independent attitude.

In such trading as there is in the open Chicago market, prices have been subject to weather conditions. In some of the producing states lack of moisture is reported and damage from smut and black rust.

• • •

Short Range Policy

Present marketing conditions call for a short-range market policy on the part of the Dominion Government, and not for an attempt to develop a long range policy. Such is the opinion expressed by the James Richardson Co. in an extensive review published under the title, "Canada's Wheat Problem." The concluding paragraphs of the review are as follows:

> "Only the freeing of Europe from German domination will restore markets for Canadian wheat. It follows that marketing policy should be drafted to sustain the wheat grower until the war can be brought to a successful conclusion.
>
> "This calls for a short range policy and we make no apology for advocating such a policy, as the need at the moment is to protect the farmer from the temporary, but none the less possibly devastating effects of German aggression in Europe. There will be plenty of time after the war to consider long-range policy, when the shape of the post-war world can be discerned more clearly."

• • •

Some Crop Slips

The western crop has suffered considerable setback since the first of the month, a situation to be expected in July. Over large areas, where soil moisture reserves were deficient, June rains were nevertheless ample enough to give the crop an excellent start, and to present a highly satisfactory picture at the end of the month.

Warmer weather came with July, and also far greater demands on the part of the growing crop for moisture. In some areas rains continued on a sufficient scale to maintain the earlier promise. But over great stretches of country dryness and heat have been hurrying the crop on to early maturity, with short straw, small heads, and a thinning stand. Much of the crop can still give an excellent yield, given favorable conditions until the end of this month, and indeed an average crop for the West as a whole is still probable.

Wheat Prices

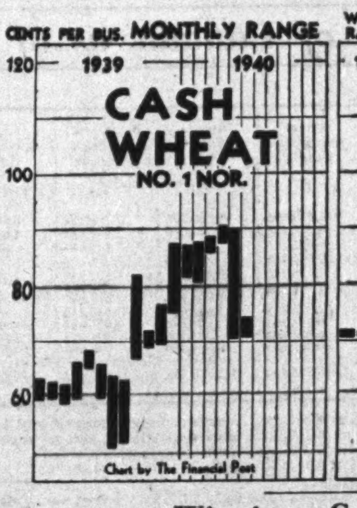

Chart by The Financial Post

Cash Quotations

	For Week July 9 High	For Week July 9 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard ..	.71⅜	.71⅜	.71⅜	.71⅛
1 Nor. ..	.71⅜	.71⅜	.71⅜	.71⅛
2 Nor. ..	.68⅜	.68⅜	.68⅜	.68⅛
3 Nor. ..	.63⅜	.63⅜	.63¾	.63⅜
4 Nor. ..	.61⅜	.60⅞	.61⅞	.61⅜
5 Wheat .	.57⅜	.56⅜	.56¾	.56⅝
Feed	.52⅜	.52⅜	.52⅜	.52⅜
Oats:				
2 C. W. .	.33¾	.31⅝	.32	.30½
3 C. W. .	.31¾	.29⅞	.29⅞	.29
Barley:				
1 Feed ..	.32¾	.30¾	.30	.29
2 Feed ..	.32¼	.30¼	.29½	.28½
Flax:				
1 C. W. .	1.28½	1.27	1.31¾	1.26
2 C. W. .	1.24½	1.23	1.27¾	1.22
Rye:				
2 C. W. .	.46⅛	.43¾	.41⅝	.40

Winnipeg Grain Futures

Week to July 9, 1940

Crop year from Aug. 1, 1939 High	Crop year from Aug. 1, 1939 Low		Open July 3	High for week	Low for week	Close July 9	Close year ago
		Wheat					
.93½	.61⅝	July	.71⅜	.71⅜	.71⅜	.71⅜	.54¾
.95⅝	.63⅝	Oct.	.73⅝	.73⅝	.73⅝	.73⅝	.54⅞
.79⅞	.74⅝	Dec.	.74⅝	.74⅝	.74⅝	.74⅝	.56⅞
		Oats					
.40⅞	.28⅛	July	.30⅝	.33	.31⅛	.32¼	.28¾
.38⅛	.26¼	Oct.	.27⅛	.29½	.27½	.28½	.26½
.29¼	.26⅛	Dec.	.27	.28¾	.26¾	.....	.26¼
		Barley					
.53¾	.31⅝	July	.32¼	.35½	.32¼	.34½	.34½
.52	.32⅝	Oct.	.33⅝	.36⅝	.33⅝	.35½	.33⅝
.38½	.33¾	Dec.	.35⅛	.37	.35⅛	.35¾	.34⅜
		Flax					
2.39	1.24	July	1.26	1.29½	1.26	1.28	1.40
2.36½	1.29	Oct.	....	1.32	1.30	1.31	1.33½
		Rye					
.81½	.39¾	July	.42½	.46½	.42½	.44¾	.38⅝
.77½	.39¾	Oct.	.41⅛	.46⅝	.41½	.43⅝	.39⅝
.47⅝	.39⅝	Dec.	.44⅛	.47	.43⅝	.44	.40⅝

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DO YOU KNOW?
That the millers of Purity Flour own and operate flour mills at Goderich, Winnipeg and Calgary,—and a cereal mill as well at the latter point. — with a daily capacity of 9700 barrels.
Western Canada Flour Mills Co. Limited
Head Office, Toronto, Canada — Branches from Coast to Coast
Mills at Goderich, Winnipeg, Calgary

The WESTERN SAVINGS and LOAN ASSOCIATION
HEAD OFFICE: WINNIPEG, MANITOBA
OFFICES:
Agency Building ...... Edmonton, Alta.
221 A 8th Ave. W. ...... Calgary, Alta.
McCallum-Hill Building .... Regina, Sask.
411 Avenue Building ..... Saskatoon, Sask.

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Week in Mining

Closer Co-operation Seen In Ottawa Conference

Top Mine Executives to Discuss Greater Production of Gold With Government Officials — May Make Mining "Reserved Industry"

Calling leaders of Canada's mining industry to Ottawa to confer with the Ministers of Finance and Defense and other Government officials should bring closer co-operation between the mining industry and the Dominion Government.

While the possibility of getting a greater production of gold from the gold mines is expected to be the chief item on the agenda, there will be at least one other important question brought up. This will be the question of mining as a reserved industry. If it is decided that mining is a "war industry," provision will likely be made to protect mines from injury by either recruiting or conscription.

The conference is expected to convene in Ottawa some time next week.

Among those who will attend the conference to represent Ontario are J. P. Bickell, Joseph Errington, R. A. Bryce, Donald MacAskill, J. H. Stovel and a representative of the Timmins interests.

J. Y. Murdoch, J. P. Norrie and James G. McCrae will attend for Quebec.

J. D. Perrin, president of San Antonio, and numerous individuals will also attend the conference, representing western Canada.

• • •

Tax on Dividends?

The proposal for a tax on dividends from mines alone rather than taxes on profits and operations was brought forth last week by Rodney Adamson, Conservative M.P. for York West.

In order to prevent evasion of such a tax by non-payment of dividends, as was reported possible under a scheme of this kind, Mr. Adamson proposes a regulation for limiting the surplus any company could hold.

Apparently Mr. Adamson thinks that all present taxation of mines interferes with their operations—something that would be avoided by his proposed 20% tax on dividends. However, taxes on profits do not necessarily affect operations even though they are based on production as under the present excess profits tax on new mines. It is difficult to see just how a 20% tax on dividends would make mining any more attractive to the investor than the present method of levying taxation. Admittedly, there is now some taxation that directly affects mines operations but it is believed the great bulk of taxation falls on profits or surplus resulting in as little ill effect on mining operations as possible.

• • •

Tariff Encourages

Although the tariff of 10% on imports from non-Empire sources was intended primarily to restrict the demand for foreign exchange, it undoubtedly will have important repercussions on Canadian industry.

One of the most important repercussions may be the encouragement given for production of iron ore in this country. The exchange on American funds already gives a strong incentive for iron production in this country and the new 10% tariff will be just that much more inducement.

Besides these developments, there appears to be a move afoot to have a big government bounty to make this country self-sufficient in iron ore. Early this month J. R. MacNichol, Conservative member for Toronto-Davenport, advocated that a bonus of $3 a ton be paid on iron ore production, 50% coming from the province and 50% from the Dominion Government. A bonus of $2 a ton is already being paid by the Ontario Government, it was noted.

• • •

Veil Lifted

When war broke out last September, a veil of secrecy was drawn over many details of base metal mines operations in this country. Prices paid by the British Government were not disclosed and publication of various figures on metal production was suspended. Apparently a real effort was being made to keep from the enemy just what this country was doing and could do.

This week, however, in a review of Canada's non-ferrous smelting industry, figures on Canadian production of copper, lead and zinc are released. It appears rather surprising that these metal production figures for 1939 should be issued so soon. If the figures were of value to the enemy last year they likely still have some value. In Germany it is almost certain that no further metal production figures will be released for the duration of the war.

• • •

Dividends May Be Hit

A number of mining companies are now worried over their ability to continue dividends even though they are making sufficient money to warrant payment of dividends in peacetime. These are companies which have been paying dividends out of operating profits rather than net profits. In some cases net profits of these companies have been almost negligible while operating profits have been quite substantial.

The difficulty in this case arises from the fact that the Foreign Exchange Control Board must be approached to secure foreign exchange to pay off dividends to American shareholders. If dividends are not being paid out of net profit the necessary exchange just won't be granted. An official of one company, 23% of whose shareholders are in the United States, told The Post that his company hesitated to pay dividends because they only could pay in Canadian dollars and that this would not be fair to American shareholders. On the other hand he thought there would be considerable criticism if no distribution was made to any of the company's shareholders. No solution has yet been reached.

• • •

U. K. Tax Problem

While in a great many things this country follows new developments in the United Kingdom, it appears that in the excess profits tax on mining Canadian authorities are ahead of the old country authorities for once.

As pointed out by The Gold Mining Record of London, England, the excess profits tax in the United Kingdom will take 100% of the increase in mining profits even where increased profits have had nothing to do with the war and where they may be the result of years of planning ahead and capital investment. While gold mines are receiving a higher price for their output this is already being taxed, it is pointed out.

The Gold Mining Record sees a clear case for revision of the excess profits tax as it affects mining — particularly new mining—but shows little hope for revision at a moment when the country's existence is at stake.

The first excess profits tax levied in Canada last September brought forth the same type of criticism from mining circles as that heard in England for their tax. When the time comes for a tax revision in England, Canadian experience in this problem may be a help to British authorities.

Senator Planning Issue of Bonds

Good progress is being made with plans for the financing of Senator-Rouyn into production, The Financial Post is informed. Already over half the money for the company's programme is stated to have been promised. Financing will be by a bond issue with a bonus of common shares.

Contrary to published reports, the property has not been closed down but work is being continued on a small scale. Development has already outlined sufficient ore for a 300-ton mill with indications that ore extends to depth—something that was not so certain in first work. The company owns the 150-ton mill of Ronda Gold Mines and plans call for placing this mill in operation at a 300-ton rate with installation of additional machinery.

Paymaster Commences Sinking of Winze

Sinking of the new winze at Paymaster Consolidated Mines from the 2,075 to 3,500-ft. horizon was started on July 6, according to E. H. Walker, president of the company.

The internal shaft will be used to develop the No. 8 vein which now shows over 1,000 ft. of ore on the 2,075-ft. level, it is stated. The downward extension of the No. 3 vein will also be opened up on the lower levels.

A line drive east on the 2,575-ft. level to get under the area which will be developed by the new winze is now out around 260 ft. with 590 ft. more to go to reach its objective. The southeast crosscut at the 2,575-ft. level has reached its objective under the old No. 3 shaft in the southern section. The drive was put out 4,000 ft. southeast from the west line drive and 900 ft. west of No. 5 shaft. Drilling will now be done.

Chesterville Net Hits New High

Earnings of Chesterville Larder Lake Gold Mining Co. reached a new high in June at 2.8 cents a share or an annual rate of over 33 cents a share, The Financial Post is informed. The estimated profit for the month is after allowance for all charges including the new excess profits tax. It is believed that the company will pay tax on the basis of 12% of net profits rather than 75% of excess value of output.

Production in June was also at record levels which resulted in the new profit record established. Output was worth $124,782 and was obtained from 18,632 tons of ore milled for an average recovery of $6.70 a ton. This compared with recovery the previous month of $110,191 from 17,561 tons and $73,643 from 16,341 tons in April.

National Opens Further Ore

Flat Drilling to Determine Width of Ore Zone Shown

Drifting at the 335-ft. level of National Malartic Gold Mines continues to open up underground the large tonnage of ore indicated by drilling, according to H. S. Kennedy, mine manager.

A length of 145 ft. of ore has now been opened up to the east at the 335-ft. level which averages about $7 a ton across drift width with both faces still in ore. Drilling indicated the full width of this ore section at 29.5 ft. The drift was advanced a total of 130 ft. in June.

Grades Around $7

Channel sampling of this ore section by Sladen Malartic Gold Mines returned an average of $6.80 across 7.3 ft. while the assaying by the company, done at East Malartic Mines, averaged $7.06 a ton over 7.3 ft. Muck sampling by Sladen averaged $6.13 compared with $7.88 by East Malartic.

The drift now has about 130 ft. to go to the Sladen boundary, and Mr. Kennedy states that the present face looks good with free gold showing. It is only a short distance from drill hole S-35 which showed $7.45 across a true width of 39.5 ft.

Head for Drill Hole

In drifting west, a section of porphyry 37.2 ft. in length averaged $4.38 across 6.6 ft. This was followed by a short section of greenstone formation. Porphyry formation reappeared last week with encouraging values and the drift is now headed toward the section where hole S-20 showed $9.53 across 15.1 ft.

Drifting is being continued both east and west with plans made for flat drilling at short intervals to prove the full width of the ore.

Pandora May Get Amm's Assets

Propose Issuing 500,000 Shares For Amm Mine and Mill

Subject to approval of shareholders of Amm Gold Mines at a special meeting called for July 15, Pandora Cadillac Gold Mines will take over the Amm mine and mill for 500,000 shares of Pandora Cadillac.

Pandora Cadillac takes over the Amm liabilities and agrees to pay $27,750 out of first operating profits when and as profits are realized. Payments are to be started in six months. Pandora also assumes the liabilities for payments to Mill Builders which were reported as $114,000 at the March annual meeting.

Amm Still Holds Claims

Amm will still retain a group of 10 claims it holds in the Cadillac area which may be developed at some future date. Since operations failed to meet the liabilities contracted for mill construction and since no funds were available for development, Amm directors felt agreed that the Pandora deal offered an opportunity for shareholders to realize at least a portion of their investment by joint operation of the two properties.

Pandora holds a property of 29 claims adjoining to the east of the main Amm property. Two shafts have been put down and there is estimated to be 45,000 tons of ore averaging $11 over 45 inches in the east shaft area.

Smelter Output Off Slightly

But 1939 Copper and Zinc Production Set New Highs

While value of output of Canada's non-ferrous smelting industry declined from $87.1 millions to $80.1 millions last year, production of copper and zinc was the greatest on record, according to a survey of the non-ferrous smelting and refining industry in 1939, just issued by the Dominion Bureau of Statistics. Copper production for 1939 is reported at 608,934,859 lb. worth $60,934,859 as against 571,249,664 worth $56,554,034 in the preceding year.

Lead Output Lower

Production of lead showed a slight decline in 1939 at 388,569,550 lb. worth $12,313,768 as against 418,927,660 lb. worth $14,008,941 the year before. The lead cartel was still functioning in the early part of 1939 and this probably accounts for the decline in output. After the outbreak of war all restrictions on lead production were removed.

Restricted production of lead had a dampening effect on production of zinc in British Columbia, since zinc is usually a by-product. But total output of 394,533,860 lb. of zinc in Canada, worth $12,108,244, was a new record. It compared with 381,506,588 lb. valued at $11,723,698 for 1938.

Higher Capital Investment

Capital employed in the non-ferrous smelting industry has shown a steady increase the last few years, amounting to $192.1 millions at the end of 1939 compared with $184.3 millions at the end of 1938 and $162.7 millions for 1937.

Gross value of smelter products in 1939 amounted to $262.6 millions as against $287.3 millions total in 1938. Gross figures include cost of ores, concentrates and other material.

Companies carrying on smelting or refining operations last year and covered by the survey were as follows: Noranda Mines, International Nickel, Falconbridge Nickel, Hudson Bay Mining and Smelting, Canadian Copper Refiners, Consolidated Mining and Smelting Co., Deloro Smelting & Refining Co., Eldorado Gold Mines, Chromium Mining & Smelting, and Aluminum Co. of Canada.

Yama Values High On New Levels

Negotiations Under Way For Custom Treatment of High-grade Ore

Following completion of its shaft to the 525-ft. horizon, Yama Gold Mines has been encountering high values in initial crosscutting north and south on new levels at 375 and 500 ft.

At the 375-ft. level, crosscutting south has encountered the downward extension of the "C" ore zone which has also been cut at the 500-ft. level, 22 ft. from the shaft. Two ore bands showed considerable free gold at the latter level with values of $73 and $22.40. Individual samples ran extremely high grade, it is stated. An assay from the east side of the crosscut ran 3.71 oz.

Mineralized wall rock approaching the "C" zone 50 ft. from the shaft at the 375-ft. level is stated to average $13.65 a ton.

New Zone Makes Ore

Crosscutting north at the 375-ft. level has encountered high values in a zone just south of the "BC" zone. This is considered as important as this zone did not make ore on the upper level. Five samples returned uncut values of $78.75, $55.30, $78.75, $96.60 and $29.05 a ton, according to Dr. Harold G. Way, resident geologist.

The management of Yama Gold Mines is now investigating the possibility of hauling ore in carload lots to a custom mill to allow production to start in the near future. The owners of a Cobalt mill are stated to have agreed to satisfactory terms, dependent on haulage of the ore by rail or truck. It is understood that selective mining of the higher grade sections of the ore body is planned rather than the shipment of any tonnage of lower grade ore.

KIRKLAND LAKE EXTRA

An extra dividend of 1 cent a share has been declared by Kirkland Lake Gold Mining Co., payable along with the regular half-yearly dividend of 5 cents a share on Nov. 1, to shareholders of record Sept. 30.

Week in Oils

New Schedule Issued

From Our Own Correspondent

CALGARY.—A further revision of allowable quotas for individual wells was found necessary on July 6 following the latest step-up in field allowable from 21,000 to 26,000 bbls. daily. The new rate proved too high for economical operation of certain individual wells.

The latest revision of quotas does not mean that the field has reached its productive peak. The larger part of the 111 wells now operating under quota can produce quite efficiently at higher rates than now in effect, it is believed. When production is stepped up rapidly as it has been in the last few weeks (from 18,000 to 26,000 bbls. daily between June 21 and July 1), it will be found that output of some wells has been stepped up too rapidly—with a resultant effect on gas-oil ratio, pressure, etc.

• • •

Well Testing Necessary

The efficient peak output of a well cannot be determined beforehand, and only stepping up production and careful checking of effects can give the answer for the individual well.

The Conservation Board and the operators will maintain a careful check on all wells during the coming days to ensure that no well is produced in an inefficient manner, and so that it will be known what wells can efficiently take care of the next increase in allowable output—an increase that will undoubtedly be necessary in the very near future. Competent engineers who are in close touch with conditions at all wells believe it will be possible to increase output to 35,000 bbls. daily without injury to the field, assuming that drilling of new wells is continued at its present rate.

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1,000 Barrels Daily

Under the new schedule individual wells are permitted to produce in excess of 1,000 bbls. per day for the first time in nearly two years. Under the new schedule, Home-Millarville No. 3 is raised from 653 to 1,100 bbls. while Home-Millarville No. 2 is raised from 614 to 1,064 bbls. In the re-assigning of the 26,000 bbls. quota, 18 wells receive an increase in allowable, while 49 wells continue at the same permissible rate; 44 wells receive cuts ranging from a few to more than 100 bbls. per day.

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Alliance Saturation

Four feet of a 10-ft. core recovered at the 4,600-ft. level from the Alliance No. 1 well on the Mill Creek Structure shows heavy oil saturation, it was officially announced on Saturday. The oil sand, at first believed to be the Dalhousie sand, proved to be merely a stray sand in the Lower Blairmore formation. The showings, however, are regarded as encouraging. Drilling is proceeding below 4,756 ft. with the Dalhousie now looked for in the next few hundred feet.

Drilling will continue without delay at least until the Dalhousie is reached, after which casing will be run to bottom and the zone from which the present saturation is evident would be perforated and tested.

The Alliance well is being drilled jointly by Anglo-Canadian Oil Co. and F. P. Byrne.

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Fault at Brazeau

Home Oil Company's Brazeau area test has encountered major faulting, according to an official announcement at the week end. The rotary bit passed from the Fernie shale into Blairmore formation at approximately 8,700 ft., and drilling has been suspended at 8,713 ft. Preparations are being made to run 4¾-in. casing to bottom, and a thorough test will be made of the several promising oil and gas horizons encountered the last 1,500 ft. of drilling. Future plans in this field will depend largely on the result of these tests. It will be recalled that several heavy gas flows have been encountered at this well, and that very strong pressure is evident.

• • •

Oil Exhibit

The importance of Alberta oil to the national welfare is brought to the attention of thousands of visitors to the Calgary Exhibition and Stampede, which opened the other day, by the first large oil exhibit to be displayed at western Canada's premier exhibition. The exhibit is sponsored by a number of oil companies, brokerage houses, supply and transport companies and the provincial Government.

Outstanding feature of the oil exhibit is a large detailed model of the British Empire's No. 1 oilfield, Turner Valley, constructed by A. B. Smeal, Calgary engineer. The model, set up in a glass covered showcase, is 25 ft. long and 3 ft. 6 in. wide. It covers in detail townships 18 to 23 inclusive, built on a scale of 8 inches to the mile, and is designed to show not only topography and surface development, but also the subsurface structure of Turner Valley.

• • •

Shows 320 Derricks

The top section of the model, built up with papier maché to show topography, is covered with some 320 miniature derricks each correctly labelled to show every well drilled or located to date. Every building, tank, absorption plant, refinery and power line in the area has its miniature counterpart on the model. All roads are clearly marked, complete with transport trucks and cars of minute dimensions.

Extending down from each tiny derrick is a steel rod marked in color to show in accurate detail the formations and markers encountered at each well, completed and now drilling. The lower section of the model, also built up with papier maché, shows the great limestone upthrust which forms the oil and gas bearing trap from which most of western Canada's petroleum products are drawn.

Construction of the model required six months of painstaking toil. Other features of the exhibit include interesting oil field photos, motion pictures, and a display showing the breakdown of Turner Valley crude into 14 valuable products, marketed in western Canada.

Manitoba Farmer Finds Manganese Dioxide

From Our Own Correspondent

WINNIPEG.—Discovery of manganese in Manitoba has created much interest in mining circles here and a number of mining men are investigating the find.

The deposit, size and importance of which is at present undetermined, was found accidentally by a farmer on the southern slope of the Riding Mountains. He sent samples of a substance which appeared to him to be different to anything he had encountered to the Provincial Government assay office.

It assayed a very high percentage of manganese dioxide and the question now is to what extent it may be found. Farmers in the vicinity have been asked to keep an eye out for it and have been furnished with description of what to seek.

U. K. Import License For Fish Withdrawn

The United Kingdom Board of Trade has revoked from May 30 the open general license under which frozen fish was admitted to the United Kingdom from any other country without individual licenses for each shipment. Frozen fish dispatched before May 30 will not require license.

This import licensing system was extended on March 19 for nearly all foodstuffs including frozen fish. The general license which has now been revoked was issued at that time.

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Position of Chartered Banks of Canada as of May 31, 1940, Shown by Monthly Returns to Minister of Finance

LIABILITIES / SUPPLEMENTARY INFORMATION

NAME OF BANK	Notes in Circulation	Deposits by and Bal. Due to Dominion Government	Deposits by and Bal. Due to Provincial Governments	Advances from Bank of Canada	Demand Deposits in Canada	Savings Deposits in Canada	Deposits Elsewhere▲	Bal. due to other banks in Canada	Due to Banks in U.K.	Due to Banks Elsewhere	Bills Payable	Letters of Credit outstanding	Other Liabilities	Dividends Declared and unpaid	Reserve Fund	Capital Paid Up	Total Liabilities	Capital Authorised	Capital Subscribed	Last Dividend	*Loans to Directors and firms of which they are Partners	Average Notes and Deposits with Bank of Can.	Greatest amount of Notes in Circ.
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	%	$	$	$
Montreal	20,861,089	69,239,289	24,010,770	....	218,533,184	432,522,994	92,830,779	2,806,124	6,589,275	10,180,353	477	8,415,142	3,630,368	737,589	39,000,000	36,000,000	965,357,438	50,000,000	36,000,000	8	431,185	77,911,553	20,861,089
Nova Scotia	8,711,274	22,819,556	6,118,165	....	53,025,634	152,264,490	46,775,970	2,907,884	1,262,620	1,056,704	....	7,043,511	34,375	363,374	24,000,000	12,000,000	338,383,562	15,000,000	12,000,000	12	3,111,721	25,828,000	8,857,525
Toronto	3,329,579	17,284,459	1,747,241	....	46,405,266	86,061,536	475,807	617,097	528,355	740,661	....	1,791,751	....	150,348	9,000,000	6,000,000	174,132,105	10,000,000	6,000,000	10	572,109	19,431,274	3,329,579
Provinciale	2,914,053	2,586,911	2,620,873	....	7,580,082	39,493,855	43,630	....	....	21,149	....	18,096	3,225	62,998	1,000,000	4,000,000	60,344,877	5,000,000	4,000,000	6	172,698	11,019,133	2,914,053
Commerce	17,262,935	38,057,080	18,010,469	....	157,006,280	324,189,345	60,919,123	822,329	2,697,487	6,515,257	....	18,990,308	....	36,065	20,000,000	30,000,000	694,509,091	50,000,000	30,000,000	8	1,471,446	52,918,492	17,262,935
Royal	26,055,712	56,939,178	15,426,846	....	236,175,137	334,599,480	231,669,684	265,048	2,957,466	8,390,443	2,405	18,452,098	41,678	717,581	20,000,000	35,000,000	986,883,029	50,000,000	35,000,000	8	1,987,307	58,895,268	26,055,712
Dominion	4,915,854	11,786,359	4,238,080	....	30,214,192	77,016,749	3,880,652	943,419	612,435	180,175	192,673	3,588,581	373,706	3,400	7,000,000	7,000,000	151,762,606	10,000,000	7,000,000	10	500,441	13,415,910	4,915,854
Nationale	4,960,667	6,034,632	808,641	....	26,821,820	99,926,865	1,037,943	1,905,494	56,889	335,347	....	771,072	62,404	143,322	5,000,000	7,000,000	154,865,100	10,000,000	7,000,000	8	533,746	10,234,121	4,960,667
Imperial	4,916,525	13,007,118	12,223,373	....	38,193,029	90,806,206	387,120	825,066	1,376,708	597,303	....	1,913,494	....	10,045	8,000,000	7,000,000	179,255,992	10,000,000	7,000,000	10	679,717	11,016,866	4,916,525
Barclays (Canada)	371,740	1,735,975	26,179	....	2,993,145	6,202,885	4,345,850	343,550	2,801,774	1,878,151	....	516,532	....	....	750,000	1,500,000	23,465,786	1,500,000	1,500,000	....	3,328	1,559,686	371,740
Total	94,299,428	239,490,557	85,230,637	....	816,947,769	1,643,084,405	442,375,558	11,436,011	18,883,009	29,895,543	195,555	61,500,585	4,145,756	2,224,725	133,750,000	145,500,000	3,728,959,586	211,500,000	145,500,000	....	9,463,596	282,230,303	94,445,678

▲Of this amount $56,209,410 represents deposits in Canada in currencies other than Canadian, carried under demand and savings deposits in Canada, prior to Aug., 1935. NOTE—The return of the Bank of Montreal for March 30, 1940, should have shown — Deposits by and balances due to banks and banking correspondents in the United Kingdom, as $10,815,253 and deposits by and balances due to banks and banking correspondents elsewhere than in Canada and the United Kingdom, as $13,537,047. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada	Notes of Other Banks	Govt. and Bank Notes other than Canada	Cheques on other banks	Balances due by other banks in Canada	Due by banks in U.K.	Due by banks elsewhere	Govt. sec. short term	Govt. sec. long term	Canadian municipal securities	Public sec. other than Can.	Other bonds and stocks	Call and short loans in Canada	Call and short loans elsewhere	Current loans in Canada	Current loans elsewhere	Loans to provincial governments	Loans to municipalities	Non-Current loans	Real estate other than Bank premises	Mortgages on real estate	Bank Premises	Deposit for note circulation	Other assets	Total assets
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	1,174,049	104,788	15,883,877	68,179,456	1,075,890	587,880	33,471,675	662	5,810,993	57,397,868	235,863,412	178,790,768	21,633,604	13,484,470	27,015,873	4,171,322	17,049,951	202,994,860	14,318,086	1,564,920	40,344,693	1,274,258	841,040	476,740	13,900,000	1,127,794	1,985,718	968,639,803
Nova Scotia	343,611	1,309,111	4,256,196	19,512,683	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto	251,803	....	2,541,355	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Provinciale	235,147	....	1,471,922	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerce†	890,684	112,577	9,207,350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal‡	1,297,467	2,647,213	11,913,628	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dominion	250,732	390	2,448,063	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nationale§	499,917	288	3,889,243	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial	355,512	....	4,546,302	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (Can.)	2,890	....	83,565	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	5,301,812	4,174,367	56,241,501	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above Return.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included in the above general statement.—Footnote to Royal Bank return.

§The assets and liabilities of the Banque Canadienne Nationale (France) same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in the above general statement.—Footnote to Banque Canadienne Nationale return.

*Total assets include $81,500,585 letters of credit outstanding as shown in liabilities.

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Mining Enquiries

Privateer Mine

Is there any late news about the position of Privateer Mine?

When exploration of new low levels at Privateer Mine failed to reveal the downward extension of high-grade ore in the main vein in important quantities, the company began taking greater interest in the search for a new property.

Recently, an option was taken on control of Proserpine Gold Mines, Cariboo area, in a deal which will involve $350,000 if carried to completion. Development at the Proserpine property is stated to have given encouraging results and the Privateer management is hopeful that profitable production can be attained.

Latest development work at the Privateer Mine itself has revealed better ore results in the company's No. 2 vein at depth, while the main vein has also been showing better results. Wide exploration is being carried on this year in a search for new ore sources. The company owns the Prident and Van Isle properties, both of which have developed some ore and are good prospecting ground.

Lake Shore

I am an American citizen who feels that Lake Shore shares selling at approximately $10 on the New York market may represent a real bargain. What do you feel about this?

Under any ordinary conditions, Lake Shore shares at $10 on the New York Curb Market would certainly be reckoned an exceptional "buy." But these are not ordinary times and a great margin of allowance must be made for possible exigencies.

In spite of added taxation resulting from the new budget, it is now anticipated that the company will be able to maintain dividends at the rate of $2 a share, if nothing unexpected occurs. Some months ago, it was anticipated that dividends would be raised to a rate of $3 a share, from what officials said, but this was not done although production results improved somewhat.

The discrepancy in the price of Lake Shore shares on the New York market compared with the Canadian market, is partly due to the difference in exchange rates and partly to other factors. For American shareholders, there is the possibility that the Dominion might have to suspend payment of dividends on shares of Canadian companies to American holders in United States funds in order to conserve foreign exchange. This would be a drastic measure, but it is certainly not being ignored by American shareholders; several American publications have brought the point up recently. Of course American shareholders would receive Canadian dollars which could be spent in Canada.

Looking at the situation from the long-term point of view, there is the possibility that the company may have to bear still heavier taxation. Offsetting this, however, is the clearing up of any possible foreign exchange difficulties at some future date. This however would likely await the end of the war.

Broulan Porcupine

Some time ago you informed me by letter that Broulan Porcupine was carrying on ore tests before deciding on a mill. Will you bring me up to date on the situation since then?

After completion of ore tests, Broulan Porcupine Gold Mine decided on the erection of its own 300-ton mill which is now under construction. Completion of this mill is expected this September and officials anticipate a saving of $1 a ton, in operating costs, through use of the company's own mill. A possibility now exists that the company may continue to utilize the leased Mace mill as well as its own mill. Both mills will be operated for a time at least.

Production and earnings have been gradually increasing with May output amounting to $101,968, compared with $69,329 for last January. Estimated operating profit for the month of May was over 2 cents a share.

Although the company only had $20,000 working capital when milling operations were commenced last November, on June 1, 1940, there was estimated to be approximately $330,000 in the treasury, or more than sufficient to pay for the new mill. With the present level of profit, 10 cents a share will likely be declared in dividends this year, it is reported.

Kerr-Addison Mill Boost Near

New Hoist Already Ordered —June Output Up Sharply

By GORDON M. GRANT
Staff Writer, The Financial Post

Present operations at Kerr-Addison Gold Mines are being geared for an early step-up in mill capacity from 1,200 to 1,800 tons daily, The Financial Post is informed by a source in close touch with the situation. No decision has yet been reached on a mill increase but directors are expected to give serious consideration to this question within the next week or ten days.

The chief obstacle to a higher milling rate just now is capacity of the present hoist. In this connection, it appears significant that purchase of a new hoist has been authorized with delivery at the property scheduled early in the fall. This will overcome any difficulty of carrying operations to depth or of hoisting a larger tonnage of ore.

With a step-up in mill capacity apparently imminent the mine situation is continuously under review. Developments at the new 1,000 and 1,300-ft. levels are being watched with particular interest and it is understood that results have been favorable so far. President George B. Webster has been spending considerable time at the property recently, securing first hand information.

No More Bank Borrowing

In the past, mill expansion has been financed by bank borrowing but this will definitely not be necessary for any further expansion even though the company will dig into its treasury for nearly $250,000 for payment of an initial dividend of 5 cents a share on Aug. 1.

Should directors decide to increase mill capacity later this month, expansion might not possibly go into effect as early as ordinarily expected since some delay might be experienced in getting deliveries of equipment. Delivery of the new hoist for early in the fall has already been deferred a month as the equipment firm is busy.

With the war becoming more serious the company has safeguarded itself against increased prices for supplies and possible shortage of certain items. There are now available supplies to last for 15 months. Possible shortage of certain items due to war demands is not believed likely to become acute, however, as it is in the Government's interest to see that gold mining continues uninterrupted.

Quarter Shows Big Jump

Production in the three months ended June 30 showed an impressive gain over the output for the previous three months. Output for the month of June alone was approximately $380,000, compared with a $245,023 average for the first quarter of the year with the mill at the same capacity. Total output for the June quarter was approximately $940,000 or more than $200,000 greater than the first quarter recovery of $735,070 from 110,749 tons of ore with average recovery of $6.64.

The increase in output for the June quarter was not exactly planned but was partly due to the difficulty in controlling grade over what was a relatively short period.

Look For $7 Recovery

Usually a recovery of $6.90 to $7.00 is looked for on the average so that results in the June quarter are not necessarily representative. On the basis of June quarter results, net profits would be running slightly over 40 cents a share per annum after allowing for excess profits tax. On first quarter results, net profits would appear to be in the neighborhood of 25 cents after all charges including the excess profits tax. Before excess profits tax the figure would be closer to 30 cents a share.

These estimates of earnings are based on operating results obtained this year and write-offs per ton for last year which are not likely to be greatly different this year.

Mining of ore has so far all been above the 700-ft. level although development of the new deep levels at 1,000 and 1,300 ft. is now under way. Ore passes below 700 ft. have not yet been finished to allow delivery of ore to the crusher at the 1,300-ft. horizon so all ore is still going to the crusher at the 700-ft. level.

Only a limited number of drill holes have been put out for the outlining of ore bodies at the 1,000 and 1,300-ft. levels and much further work will have to be done before a complete picture of the ore at these horizons is obtained. Some very good ore intersections have been had such as $15.87 across 12 ft. $6.45 across 9 ft. and $16.45 across 6 ft. First results were stated recently to be up to the mine average in value and conditions.

Large Increase Possible

If the new levels stand up in tonnage with the upper horizons a very large increase in ore reserves would be indicated. The new low levels cover 600 ft. of vertical depth while the previously developed section all lies above the 700-ft. horizon.

At the end of last year, reserves of broken, unbroken and drill-indicated ore totalled 3,691,132 tons of which the broken and unbroken ore amounted to 2,636,469 tons with an average uncut value of $9.20 a ton and a cut value of $5.95 a ton. The cut value has proved conservative with long-term recovery tending to average out to $6.90 to $7 a ton as reported previously. In cutting high assays, all values are reduced to $25 a ton with gold calculated at $35 an ounce.

Have Ore for Expansion

Based on ore reserves at the end of 1939, there is sufficient ore either proved or drill-indicated to keep the present 1,200-ton mill going for approximately 8½ years. Results obtained on the new two levels are of course very important when considering a mill increase but the tonnage already indicated is sufficient for the contemplated increase in mill capacity, on basis of common practice in gold mining circles.

In some respects increasing the mill from 1,200 to 1,800 tons daily capacity will not present as many difficulties as the original step-up from 600 to 1,200 tons daily. For instance, the present mill building has room to house another unit of 600 tons capacity without any extension. When the previous increase went through it required practically the building of an entirely new mill of 600 tons to accompany the previous 600-ton unit.

Excess Profits Tax

One of the factors that seems to suggest an increase in mill capacity as soon as possible is the excess profits tax. Since the company came into production since Jan. 1, 1938, excess profits taxes will be based on the greater of 12% of net profits and 75% of excess value of output. This does not represent any great burden on the company since $38.50 is being received for gold rather than $35.

After this year of course the company will lose its exemption from corporation tax under the three-year exemption rule for new mines. The company might find it desirable now to get as much production as possible before taxes rise further.

Some chance exists of a further improvement in operating costs at present capacity and if the step-up to 1,800 tons a day is implemented, a further reduction in unit costs is expected to be realized.

While no official statement is available in regard to dividend policy, it is understood that the 5-cent dividend payable August 1 is likely to be repeated each quarter with the company's stock placed on a dividend basis of 20 cents a share per annum. In view of the present level of operating earnings, it appears the company can maintain dividends at this rate without difficulty and at the same time build up a substantial working capital position.

Mining Concentrates

Agawa Porcupine Mines optioned 550,000 shares to W. S. Pratt and A. C. McLean on June 26 as follows: 200,000 shares at 8 cents a share; blocks of 100,000 shares each at 12½ and 17½ cents a share; 150,000 shares at 22½ to 27½ cents a share, payable at the rate of $1,500 monthly commencing Aug. 1 for 10 months and thereafter $4,483 monthly. This is a revision of a previous option. Authorized capital of the company is 3 million shares of which 2,050,204 have been issued.

* * *

Big Master Consolidated Gold Mines has called a special meeting of shareholders for July 25 to secure approval for surrendering the company's charter. Selby Lake Mines has exercised its option to purchase shares of Big Master and a new company known as Kenwest Gold Mines has been formed with Selby Lake paying $100,000 into the treasury of the new company. Big Master shareholders are now to receive a distribution of 1 million Kenwest shares on the basis of one Kenwest share for each three Big Master shares now held. Plans for development of the company's property in the Kenora area call for dewatering of the shaft and sinking to the 600-ft. horizon.

* * *

Bidgood Kirkland advises the Toronto Stock Exchange that June 27 option installment on 100,000 shares at 25 cents a share was not exercised and that the option agreement has been cancelled.

* * *

Cariboo Gold Quartz Mining Co. had a net profit of $74,593 equal to 5.59 cents a share for the three months ended April 30, 1940, the first quarter of the company's fiscal year. In the same period of the previous fiscal year, profit was equal to 7.38 cents a share. Decreased earnings are attributed to lower production caused by settling difficulties in the mill as well as by a lower grade of ore which continued over a longer period than usual.

* * *

Central Patricia Gold Mines had a slightly lower production in the second quarter of this year as shown below:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	29,405	323	15.41	453,210
Mar. 31, 1940	27,596	307	17.65	487,130

* * *

Consolidated Smelters received 3,313 tons of custom ore from 42 mines in June. In addition 414 tons of concentrates were also received from nine properties.

* * *

Dome Mines had a slightly lower production in June than in the preceding month:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	50,400	1,680	13.09	659,952
May	53,000	1,710	12.47	661,091

* * *

Galore Gold Mines is continuing diamond drilling with its third drill hole now down 90 ft. The first two holes completed were in the nature of pilot holes, it is stated, to secure information on geological conditions.

* * *

God's Lake Gold Mines started sinking of its new No. 2 shaft on June 21, officials advise; the new shaft is located about a mile west of the present No. 1 shaft. Plans call for sinking to a depth of 2,000 ft. which will require two years or more to complete. The long westward drive at the 6th level which will eventually connect with the No. 2 shaft is now out over 3,800 ft., it is stated.

* * *

Gunnar Gold Mines increased its production slightly in June as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	4,245	142	12.96	55,015
May	4,388	142	12.49	54,796

* * *

Hollinger Consolidated lost its appeal to the Supreme Court of Canada against a decision of the Ontario Court of Appeal in litigation with Northern Ontario Power Co. over power rates. The Court ruled that Hollinger is not entitled to a reduction in its rates for power because rates to other companies were reduced. Hollinger was also refused compensation for sums paid to the power company under terms of its contract after rates payable by other power users had been reduced.

* * *

Hanalada Gold Mines has temporarily suspended development work. A length of 200 ft. of ore averaging $8.30 a ton across 6 ft. has been opened up at the 150-ft. level while the 300-ft. level shows 225 ft. of ore running $5.05 a ton across 4.5 ft.

* * *

Jalda Gold Mines has temporarily suspended development at its property in the Uchi area. At the 150-ft. level, development has opened up 245 ft. of ore averaging $5.75 over 4 ft. while on the 300-ft. level 205 ft. of ore has been opened up averaging $8.05 over 5.3 ft.

* * *

Kirkland Lake Gold Mining Co. production for the second quarter of 1940 established a new record as follows:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	34,440	378	14.83	510,661
Mar. 31, 1940	29,664	326	17.02	504,968

* * *

Macjoe Sturgeon Gold Mines optioned 300,000 shares to H. B. Killoran on June 24 as follows: 200,000 shares at 5 cents a share payable by Sept. 24; and 100,000 shares at 6 cents a share payable by Dec. 24. By a further agreement on the same date, Mr. Killoran optioned 600,000 shares at 6 to 10 cents a share payable by March, 1941. Authorized capital of the company is 3.5 million shares with 1,874,475 issued.

* * *

Paymaster Consolidated had record production in June as shown below:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	17,267	576	8.48	146,586
May	17,497	564	8.36	146,418

* * *

Quebec Manitou Gold Mines has granted an extension of six months until Jan. 1, 1941, to St. Joseph Lead Co., to decide whether it will provide $100,000 for the second stage of the development programme agreed to by the two companies.

* * *

Sand River Gold Mining Co. expects to pay off a good portion of its $180,000 of notes that mature on Aug. 25, according to R. J. Jowsey, president. No difficulty is anticipated by the company in paying off the balance of the notes which are expected to go past due.

* * *

Silbak-Premier Mines has declared its regular quarterly dividend of 4 cents a share payable July 25 to shareholders of record July 5. This dividend involves a distribution of $100,000.

* * *

Straw Lake Beach Gold Mines advises the Toronto Stock Exchange that payment has been received for 20,000 shares at 6 cents a share, part of the June 30 installment covering 41,666 shares. Balance of the installment has been extended and similar extensions of three months have been granted on all succeeding installments. Issued capital is now 3,435,655 shares with 1,064,345 shares remaining in the treasury.

* * *

Silverado Gowganda Mines optioned 1.1 million shares to J. A. Smith on June 15 as follows: 500,000 shares at 5 cents a share payable in 195 days; blocks of 100,000 shares each at 7½ and 10 cents a share payable within 225 days; 400,000 shares at 12½ to 20 cents a share payable within 375 days. Authorized capital of the company is 2 million shares of which 1,145,005 have been issued to date.

* * *

Sullivan Consolidated Mines showed a slight increase in production for the second quarter of 1940 as follows:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	30,663	337	9.89	303,286
Mar. 31, 1940	28,871	321	10.47	302,412

* * *

Sturgeon River Gold Mines reports a higher production value for June as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	*	*	*	42,234
May	2,337	75	16.95	39,615

*Not available.

* * *

Sigma Mines (Quebec) production in June showed a decrease as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	22,832	737	8.15	186,199
May	23,838	795	8.14	194,081

* * *

Siscoe Gold Mines had a slight increase in value of output in June:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	19,875	663	7.59	150,964
May	19,938	643	7.53	150,237

* * *

Yama Gold Mines has received permission for sale of a further 100,000 shares at 40 cents a share net to the treasury. No commission is to be paid on sale of shares to shareholders. If to others, maximum commission is to be 10 cents a share. Authorized capital of the company is 3.5 million shares of which 2,264,125 shares are issued.

* * *

Wright-Hargreaves showed a slight decrease in value of output for its last quarter as follows:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
May 31, 1940	112,000	1,215	18.75	2,100,000
Feb. 28, 1940	109,000	1,211	19.80	2,159,000

* * *

Wendigo Gold Mines showed a considerable increase in production in June as shown below:

1940:	milled Tons	daily Tons	per ton Recov. $	recov. Total $
June	3,085	103	11.42	35,250
May	2,943	95	10.68	31,440

Gunnar Tests Ore On New Levels

Drifting at the 1,750-ft. or bottom level of Gunnar Gold Mines is continuing westward with over 200 ft. of mine average grade ore so far revealed.

In addition to the drifting at the bottom level, the company has been carrying out diamond drilling from the 1,625 and 1,500-ft. levels to locate the extension of this ore. One flat hole at the 1,625-ft. level cut vein shearing while an incline hole intersected a good grade of ore at a point about 50 ft. below the 1,625-ft. level.

Test Downward Projection

Two holes drilled directly above on the 1,500-ft. level did not cut ore. However, indications are stated to point to the company being on top of the ore shoot at the 1,750-ft. level. Diamond drilling is to be carried out below this level in an effort to determine the downward extent of the ore.

Drifting east in the 1501 drift shows the quartz to be narrow but carrying values of $8 to $14 a ton. This is in the No. 1 shearing and is the first ore possibility encountered so far to the east on the lower levels.

A new change house has been completed and a start is stated to have been made on erection of a new boiler house.

Winnipeg Mining Men To Go to Ottawa

From Our Own Correspondent

WINNIPEG.—John Drybrough, director of Central Manitoba Mines and vice-president of Berens River Mines, and A. J. McNab, New York, vice-president, Hudson Bay Mining & Smelting Co., have been chosen by the Manitoba Chamber of Mines to represent that institution at the conference to be held between the Government and mining men in Ottawa shortly. In addition, H. R. Drummond-Hay, vice-president of God's Lake Gold Mines and John D. Perrin, president of San Antonio, will be in attendance.

Upper Canada Raises Output

Initial Dividend of 3 Cents a Share to Be Paid Sept. 1

To assist the Dominion's war effort by producing as large a quantity of gold as possible, Upper Canada Mines has boosted its mill rate from 150 to 200 tons daily, shareholders were informed by president R. B. Brown, at the company's annual meeting last week.

With the mill at 200 tons daily, it is estimated that the same grade of ore can continue to be handled and the objective now is to produce all the mine can stand. Shareholders were warned not to expect constant production as tonnage and grade would doubtless fluctuate. The company plans to keep mine development in line with production, however.

Distribute $88,590

An initial dividend of 3 cents a share declared payable on Sept. 1, 1940, to shareholders of record August 15 involves distribution of $88,590. The excess profits tax is expected to have a considerable bearing on dividends but just what this bearing will be is not yet entirely clear.

According to the president the mine is in good shape and the operation of the mill has proved most satisfactory.

During May and June, 555 ft. of lineal ore were opened up by drifting to the west on the "H" zone as follows: 137 ft. averaging $7.95 a ton across 4 ft. on the 125-ft. level; 230 ft. running $28.20 over 4.4 ft. on the 250-ft. level; 152 ft. grading $28.50 over 5.2 ft. on the 625-ft. level; 36 ft. averaging $12 across 5.2 ft. on the 750-ft. level. The 375, 625 and 750-ft. levels are stated to have not yet been continued far enough to open up the high grade ore located at the 250-ft. level.

Two drill holes were put down 170 ft. apart to cut the "H" zone below the 750-ft. level at vertical depths of 1,000 to 1,100 ft. Assays were low but typical "H" zone structure was encountered.

Sunbeam Creditors Meet on July 22

A meeting of creditors of Sunbeam Kirkland Gold Mines has been called for 10 a.m., July 22, in Toronto, to consider an arrangement to meet indebtedness.

Under the proposed plan creditors will receive 6% two-year series "A" first mortgage bonds at the rate of $1 par value of bonds for each 90 cents of indebtedness. A bonus of one common share will be given for each dollar of indebtedness in consideration of the postponement of the enforcement of claims for two years.

A total of $350,000 of bonds is proposed. Balance of bonds not issued to meet indebtedness will be sold at 85, it is planned, and proceeds less selling costs will be used to pay the balance of the purchase price on the Star Lake claims, cost of erection of a mill and additional development. Bonds to be sold to the public will be called series "B" and will mature in five years.

SHEEP CREEK OUPUT OFF

Milling operations at Sheep Creek Gold Mines in June returned an output of $82,498 from 4,620 tons of ore for an average recovery of $17,86 a ton, it is reported. In the previous month, $96,807 was recovered from 4,440 tons for an average recovery of $21.80 a ton.

Commenced Business 1906
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B. C. Expects Higher Output

War Demand Likely to Bring $6 Millions Gain in 1940

From Our Own Correspondent

VANCOUVER.—Lode gold, silver, copper, lead and zinc are expected to show substantial increases in volume of production and value this year in British Columbia, according to a preliminary estimate made by Dr. John F. Walker, deputy minister of mines.

Due to the stimulating effect of war markets, mineral production in this province will probably establish a new high record this year—about $6 millions ahead of last year's figure which was $66.1 millions.

Many Metals Contribute

Higher copper production, coupled with gold and silver increases and the tremendous fillip given to lead and zinc and other war metals, are chief factors in British Columbia's gain. Britannia Mining & Smelting Co. and Granby Consolidated Mining, Smelting & Power Co. are producing more copper than ever, and Consolidated Mining & Smelting has been virtually conscripted for the war's duration, to quote a phrase of President S. G. Blaylock.

Antimony and bismuth appear in the province's mining returns for the first time this year with the announcement of the 1940 production. Together they account for more than half a million dollars. Mercury, a minor item in the 1939 report, is expected to account for close to $1 million this year.

Dividends last year were slightly less than in 1938—$11.8 millions compared with $11.9 millions.

There were 217 shipping mines in British Columbia last year, an increase of six over 1938. Coal showed an increase in value of production amounting to 13% with $6.2 millions.

"It is impossible to predict what may happen to the price of silver," states Dr. Walker, "but it is anticipated that volume production will increase and, if prices hold firm, there should be a slight increase in value. War conditions have been taken into consideration in making these estimates, and it is assumed that no major disaster will affect the mining industry or any of the large producers."

Diamond Drilling Begun By Whittier Gold Mines

From Our Own Correspondent

WINNIPEG. — Whittier Gold Mines has commenced drilling at its property at Elbow Lake on what is known as the Apex group, across the bay from the Century mine.

The programme planned calls for 10 100-ft. holes. A three-compartment shaft will be sunk later, if conditions warrant.

Whittier Gold Mines is unique in that its founder and present general manager, Charles Williams, is Chinese. Mr. Williams says t
many Chinese shareholders
company and that large
money may be raised fr
countrymen for legitimate
ment work. Many of them,
have capital not at presen
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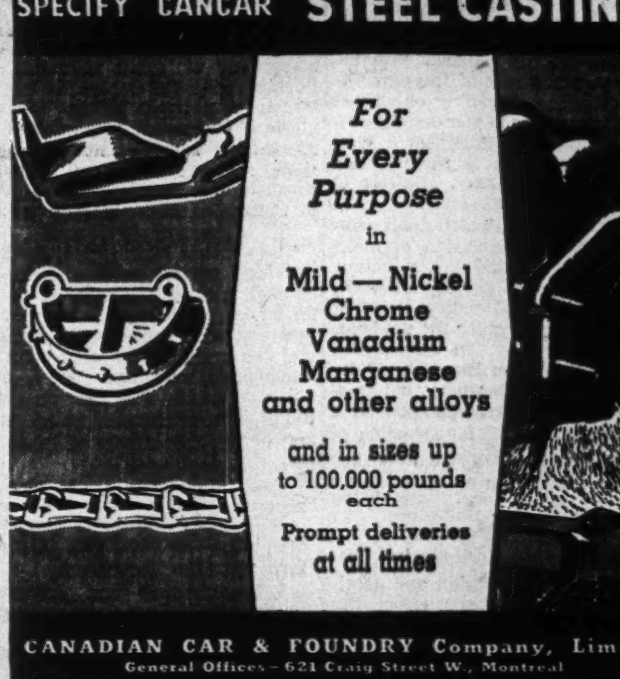

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Government's Pact With Labor

Policy Backs Labor Rights But Calls For Co-operation

Direct control of labor relations in wartime industry is avoided, but prospect is raised it might be applied in event of failure by employers or labor to follow certain basic policies, in the recent order-in-council on labor relations issued by the Cabinet in Ottawa.

An accompanying order provides for a wartime labor supply council.

The main order clearly stops short of actual regulation of labor relations or even laying down definite rules which must be complied with by employers and workers. But while not mandatory, it states the procedure the Government believes should be followed and is believed to foreshadow future policy should the declaration be seriously disregarded.

Labor Conceded Rights

It is widely regarded as a formal avowal of Government recognition of labor rights and status, of major importance to Canadian workers. While specially applying to war conditions, it will probably carry over into peacetime.

The support of labor rights to which the order is mainly devoted is similar to the recognition given by present statutes in five provinces to labor organization and collective bargaining.

"No element in the community can be permitted to benefit from wartime necessities," bluntly asserts the preamble to the order's outline of policy, plainly referring equally to both employers and labor. Maintenance of good labor relations is stated in the order to be important, not only in execution of war contracts and production of materials for them, but in "operations of distributive agencies and services required to meet the needs of the civil population."

Guiding Policy

Seeking chiefly to stabilize labor relations in war supply industries, and to obviate strikes, disputes or other difficulties that might hobble production, the Government has laid down in the order a general policy to guide both employers and labor in these and other industries.

At the same time, the projected wartime labor supply council, while dealing primarily with shortages and training of workers for war supply industries, will also grapple with such potential sources of dispute as overtime pay.

The principles the Government proposes to govern dealings between employers and workers, consist largely of support of labor's right to organize and bargain collectively. The order is believed to result from pressure from both employers and labor spokesmen. Both these groups have been seeking a definite statement of what the Government expects in the handling of labor problems in wartime industrial production, especially in view of the official demand for speeding up of output.

Co-operative Effort

Representatives of the Government, industry and labor are understood to have collaborated in drafting the basic policy now laid down. The two latter groups reportedly were not entirely satisfied with the previous indications of the Government attitude, consisting chiefly of several telegrams to war supply contractors from Hon. C. D. Howe, Minister of Munitions & Supply, and Hon. Norman McLarty, Minister of Labor.

These telegrams, which dealt principally with the question of overtime pay for speeded up production, were regarded as setting forth Ottawa's wishes and policy more or less informally, and for the guidance of employers only. In effect, they suggested that overtime be paid for in accordance with whatever agreements or arrangements prevailed prior to the request for speeding of production, and indicated that such payments would be recognized as a legitimate extra cost in connection with war supply contracts.

Overtime Problem

The matter of overtime pay, particularly since expansion and acceleration of Canada's war effort, has proved one of the most vexing problems developed by the emergency demands on industry. In addition to confusion as to the basis and rates on which such overtime is to be paid, there has been disagreement as to whether overtime should be paid for at all in the light of the national and international emergency requiring the speed-up of industry.

This disagreement has apparently prevailed, not only between some employers and their workers, but among employers as a group. Despite the plain "go ahead" signal on overtime given in the Howe-McLarty telegrams, some employers deem it unpatriotic and too costly to demand extra for overtime to meet the pressing need for war materials. Others have no compunction about providing for it as long as the Government is willing to absorb the additional cost.

A "middle ground" group advanced the suggestion that regular overtime rates (usually time and a half) should be paid for work beyond regular hours on week days, but only regular rates of pay provided where especially pressing demands required production operations on holidays or Sundays.

Pact With Labor

Neither this nor any other overtime formula is endorsed in the Government's formal declaration of last week, which rather seems to skirt around the whole problem of overtime. Resort to overtime is discouraged, and it is recommended that increased output be achieved as far as practicable by additional working shifts.

In essence the declaration is not so much a direction to employers and labor on how to keep relations harmonious and production unbroken, as it is a mutual assistance pact between the Government and labor.

On the one hand, the Government gives definite recognition to the right of labor to organize and bargain collectively, and calls upon employers to give similar recognition as well as assuring proper wages, hours and working conditions.

In return, the Government makes it clear, both labor and employers are expected to avoid strikes, lockouts and other disruptive tactics arising out of disputes. Where deadlocks occur, it is stated, disputes should be referred to the labor department's conciliation service or arbitrated under the procedure of the Industrial Disputes Investigation Act.

Ten Principles

The order-in-council lays down 10 principles which, on recommendation of the Minister of Labor, the Cabinet approved "for the avoidance of labor unrest during the war." Partial text of these principles follows:

1. Every effort should be made to speed production by war industries.
2. Fair and reasonable standards of wages and working conditions should be recognized and where any temporary adjustments in remuneration are made, due to war conditions, they might well be in the form of bonus payments.
3. Hours of works should not be unduly extended but that where increased output is desired it should be secured as far as practical by the adoption of additional shifts through the week.
4. Established safeguards and regulations for the protection of the health and safety of the workers should not be relaxed, but every precaution should be taken to ensure safe and healthful conditions of work.

No Interruptions

5. There should be no interruption in productive or distributive operations on account of strikes or lockouts. Where any difference arises which cannot be settled by negotiation between the parties, assistance in effecting a settlement should be sought from the Government conciliation services. Failing settlement of the difference in this manner, it should be dealt with in accordance with the provisions of the Industrial Disputes Investigation Act.
6. Employees should be free to organize in trade unions, free from any control by employers or their agents.
7. Employees, through the officers of their trade union or through other representatives chosen by them, should be free to negotiate with employers or the representatives of employers' associations concerning rates of pay, hours of labor and other working conditions, with a view to the conclusion of a collective agreement.

Settlement of Disputes

8. Every collective agreement should provide machinery for the settlement of disputes arising out of the agreement, and for its renewal or revision, and both parties should scrupulously observe the terms and conditions of any agreement into which they have entered.
9. Workers, in the exercise of their right to organize, should use neither coercion nor intimidation of any kind to influence any person to join their organization.
10. Any suspension which may be made of labor conditions established by law, agreement or usage, requisite to the speeding of wartime production, should be brought about by mutual agreement and should be understood as applying only for the period of emergency.

Motive For Declaration

A preamble to the declaration consists of a report by the Minister of Labor on the situation, and sets forth that:

"It would conduce to the removal of misunderstandings, and to the extension of common interests and national purpose, were a declaration to be made by the Government at this time of certain principles for the regulation of labor conditions during the war, the acceptance of which by employers and workpeople would make for the avoidance of industrial strife and the utmost acceleration possible in the production which is so essential in present circumstances."

The declaration is subject to any emergency or other measures by Parliament or the Cabinet in the interests of national safety. In conclusion, employers are advised to meet their requirements for additional labor as far as possible through the Employment Service of Canada or through trade unions.

Labor Supply Council

The wartime labor supply council, provided for in another order-in-council, passed recently, is to be an advisory and survey body of 11 members—five representing employers, five representing labor, with an independent chairman. The council will deal chiefly with four phases of the problem of ensuring an adequate and dependable supply of labor for essential war industries:

1. Possible shortages of labor, especially in the skilled groups.
2. Training and other means of meeting these shortages, both before and after they occur.
3. Investigating and adjusting, where possible, problems arising in connection with overtime pay for fast production of needed war supplies.
4. Excessive, unfair and disruptive competition between companies and industries for workers, particularly those of special skill and experience.

Members of the council have been appointed as follows:

Chairman, Arthur J. Mills, chief of personnel, Canadian National Railways.

Representing industry: J. H. Stovel, general manager, Dome Mines Ltd. and president, Ontario Mining Association; Allan W. Mitchell, chairman of the board, Robert Mitchell Co., Montreal; W. C. Coulter, president, Coulter Copper & Brass Co. and past president, Canadian Manufacturers' Association; C. N. Moisan, president, Standard Paper Box Co.; J. M. Pigott, Pigott Construction Co., Hamilton.

Representing labor: R. J. Tallon, Ottawa, secretary-treasurer, Trades & Labor Congress of Canada; J. W. Bruce, general organizer for Canada, International Plumbers' Union; James Somerville, Canadian general vice-president, International Association of Machinists; A. R. Mosher, Ottawa, president, All-Canadian Congress of Labor; Alfred Charpentier, Montreal, president, Confederation of Catholic Workers of Canada.

Alternate representatives have been been appointed to serve, when the regular men cannot be present at sessions of the council.

It is possible the Government deliberately avoided laying down too specific a policy in regard to overtime in its declaration of general principles, in the hope that any confusion or difficulty would be ironed out by the labor supply council. At the same time, the Government laid down a fairly definite outline of its attitude in the matter in the Howe-McLarty telegrams to employers.

In the most recent telegram, sent out several weeks ago to war supply contractors, it was noted that misunderstandings had arisen between employers and workers as to rates of pay for overtime, and that "certain parties have endeavored to exploit these misunderstandings in a manner not in the best interests of Canada." The message continued:

"In requesting this overtime and holiday work in this emergency this Government anticipated and desires that such work be paid in accordance with whatever agreements or arrangements were in effect between the individual employers and their employees, with respect to the matter of wage rates for overtime or holiday, prior to receipt of our telegram of May 22."

The wire concluded with a request for broad interpretation of industrial disputes legislation, and that disputes be referred to the labor department promptly. Pending investigation and adjustment, it was stressed, "work on war contracts must on no account be suspended or interrupted."

Canadian Oil Earnings High

Record Sales in First Half — Paying Extra Dividend

Canadian Oil Companies reports earnings for the six months ended June 30, 1940, higher than for any corresponding period in its history. Both physical and dollar volume of sales reached new high levels for the period, the company states.

Expansion and improvement of the Petrolia refinery is making satisfactory progress and should be finished in the near future, probably about the end of this month.

A dividend of 12½ cents a share, plus an extra of the same amount, is being paid on the common on August 15, 1940, to shareholders of record August 1. Last year dividends totalled $1 a share which is the equivalent of regular payments at the rate scheduled for August.

Sterling Problem Curbs Flow of Refugees

From Our Own Correspondent

OTTAWA. — The movement of evacuated women and children from the United Kingdom to Canada will undoubtedly be restricted to much narrower bounds than generally expected on this side of the Atlantic. The public interest in this movement is high, but several factors are operating to limit transoceanic transfers far below what appears to be the capacity of Canadian hospitality.

During July, about 5,000 evacuated children will arrive in this country, but there is doubt about the further numbers that can be expected.

Refusal of the British Government to permit movement of sterling exchange out of the United Kingdom for refugee purposes will prevent many transfers from middle class families able to afford the expense, but unwilling to rely entirely on hospitality on this side.

Funds Here Frozen

A new regulation of the Canadian Foreign Exchange Control Board prevents English owners of securities and companies in Canada from designating the income of such holdings for the support of evacuees.

Evacuees reaching Canada are permitted to bring only £2, and many efforts to send children to this country are known to have foundered on strict exchange regulations. The British Government's assistance is limited to furnishing ships and passage. The result is that virtually all arrivals of women and children seeking greater safety in Canada are dependent entirely on volunteer help and hospitality after reaching this country.

U. S. Barrier

Large-scale placing of children in U. S. homes, where many children could find refuge for the duration of the war, is out of the question, because of the U. S. immigration law which forbids entry of children for whom the passage has been paid by a foreign government.

Action of the Foreign Exchange Control Board in forbidding use of income from English holdings in Canada for evacuees is understood to conform with the British Government's plans with husbanding foreign exchange for war purposes. It eliminates a possible avenue of evading the British regulations. If no exception is made in London for evacuees in regard to bringing funds with them, the Canadian Board will not release British funds already here.

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A STATEMENT ON FORD WAR WORK IN CANADA

This Company is in the war to the full limit of its resources. Until the British Empire is victorious, until the battle for freedom of nations and liberty of peoples is won, we have pledged all the vast manufacturing facilities of our Canadian and overseas affiliated companies to the service of the Empire.

We regard this to be our simple duty as a Canadian institution, one of the industrial resources of the Dominion. The 8,400 employees in our plants as well as our widespread dealer and service organization from coast to coast are Canadian. The Company's shareholders include a large proportion of Canadian investors. No one individual, family or company has a majority control of our shares.

For these reasons, aside from our deep feeling of loyalty to the Empire and its high purposes, it is fitting that Ford Motor Company of Canada, Limited should give wholehearted support to the national war effort.

From the very beginning this has been our course. Even before war was declared, in co-operation with officers of the Department of National Defence, we laid in our plant the groundwork of military production. Since conflict became a reality we have given war orders precedence over everything else. More than fifty per cent of our production is in vehicles for military use and this percentage is increasing rapidly.

We are now engaged in supplying approximately 35,000 motorized vehicles of many types, of which 10,000 are for the Canadian government and 25,000 for other Empire governments.

We are constructing at our own expense a $700,000 plant addition to provide facilities for the building of Universal machine gun carriers of which we have undertaken to deliver fifty a week to the Canadian government as soon as production can be started. This addition will also enable us to increase production of other types of military vehicles. Our affiliated companies with plants in South Africa, Australia, New Zealand, India and Malaya are similarly engaged in Empire service.

Beyond our manufacturing facilities we have been fortunately able to contribute skilled man-power. From our Canadian and overseas organization, engineers and men with special training in transport and other lines are rendering valuable service.

Major adjustments in our business have been necessary through loss of export trade and because of domestic taxation. We have made these adjustments cheerfully. Our one concern now is the successful prosecution of this war so that people of all nations may again be able to work in freedom and peace.

W R Campbell

PRESIDENT

FORD MOTOR COMPANY OF CANADA, LIMITED

Statement in Parliament by the Hon. C. D. Howe, Minister of Munitions and Supply

"The president of the Canadian Company has shown perhaps as keen a desire to assist in Canada's war effort as any citizen of this Dominion has done. His corporation since the outbreak of the war has done and is doing very important work for Canada's war effort, in the way of building motor transports and Universal carriers. The company has placed itself entirely in the hands of the government as to the terms of the contract which it has had.

"A contract, providing for a fixed price as low as we could find any basis for asking, was worked out; an overriding provision was inserted that the books of the company would be audited and if the stipulated price produced a profit more than a very low percentage indeed, that price would be scaled down accordingly. In other words, the work of the Ford Motor Company of Canada, its attitude toward the war, and its ability to assist in Canada's war effort, have been so far as I have been able to observe, beyond criticism."

Statement in Senate by Senator Raoul Dandurand, Government Leader in the Senate

"Ford Motor Company of Canada is doing its utmost to serve the interests of the country, the War Supply Board and the Government."

Statement in the Senate by Rt. Hon. Arthur Meighen, Conservative Leader in the Senate

"They (Ford dealers in Canada) are numbered in the hundreds. And the number of employees of these dealers is very large. The ramifications are tremendous. For all the purposes concerning us, the Company is a Canadian concern, and I can add to the assurance given by the honourable leader of the House my own feeling that there are no better Canadians than those at the head of the Ford Motor Company of Canada and throughout that Company's organization. They will assist us to the utmost in our war work."

Women's Auxiliary Motor Service

Early in the war the Ford Motor Company of Canada, Limited, organized free training courses for women in the care and operation of motor vehicles for possible war service. 284 such classes have been conducted, with an enrollment of 7,343. The number who have completed the eight week course is 3,473, with 2,656 now under instruction and 1,214 enrolled in new classes about to start. All instruction and equipment has been furnished by Ford dealers and the Company without charge.

Types of Motorized Vehicles for Military Use Being Made by Ford Motor Company of Canada

The Company is engaged in manufacturing 35,000 motorized vehicles for Canadian and overseas governments. They include light two-wheel drive trucks, known as 8-cwt., which are used for carrying light stores, personnel or wireless sets; 15-cwt. units, used to transport heavier loads, personnel, as anti-tank gun tractors, water tank carriers, etc.; 30-cwt. four-wheel drive, used as load carriers; three-ton, four and six wheels, for heavy loads, for workshops, for wrecking equipment, etc.; four-wheel drive gun tractors used to haul artillery, as well as ambulances and regular passenger cars and station wagons specially fitted and painted for army purposes. Present schedule of deliveries of these military vehicles constitutes more than 50 per cent of the Company's production. The plant is working day and night.